China Minsheng Drawin Technology Group Limited
中民築友科技集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 726)

RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

AUDITED RESULTS

The board of directors (the "Directors") of China Minsheng Drawin Technology Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2015 with comparative figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2015

	Note	**Nine months ended 31 December 2015** *HK$'000*	Year ended 31 March 2015 *HK$'000*
Revenue	*3*	**347**	455
Cost of sales	*4*	**(73)**	(80)
Gross profit		**274**	375
Selling and distribution expenses	*4*	**—**	(34)
Administrative expenses	*4*	**(27,465)**	(15,841)
Other income	*5*	**3,360**	898
Impairment loss on available-for-sale financial assets	*12*	**(89,541)**	(27)
Impairment loss on other receivables	*13*	**(72,000)**	—
Other (losses)/gains — net	*6*	**(1,043)**	12,088
Operating loss		**(186,415)**	(2,541)
Finance costs	*7*	**(8,340)**	(2,254)
Loss before income tax		**(194,755)**	(4,795)
Income tax credit/(expense)	*8*	**1,546**	(417)
Loss for the period/year, all attributable to owners of the Company		**(193,209)**	(5,212)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

For the nine months ended 31 December 2015

	Note	**Nine months ended 31 December 2015** ***HK$'000***	Year ended 31 March 2015 *HK$'000*
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
— Changes in fair value of available-for-sale financial assets		**(9,983)**	76
— Currency translation differences		**(10,675)**	(33)
Other comprehensive (loss)/income for the period/year, net of tax		**(20,658)**	43
Total comprehensive loss for the period/year, all attributable to owners of the Company		**(213,867)**	(5,169)
Loss per share attributable to owners of the Company (expressed in HK$ cents per share)			
— Basic	*10*	**(2.18)**	(0.26)
— Diluted	*10*	**(2.18)**	(0.26)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**81,398**	60
Intangible asset		**41**	—
Investment properties	*11*	**37,723**	39,468
Available-for-sale financial assets	*12*	**102,423**	2,131
Other non-current assets		**48,349**	—
		269,934	41,659
Current assets			
Trade and other receivables and prepayments	*13*	**35,045**	108,414
Financial assets at fair value through profit or loss	*14*	**90,169**	70,384
Available-for-sale financial assets	*12*	**92,820**	—
Cash and cash equivalents		**1,184,598**	131,695
		1,402,632	310,493
Total assets		**1,672,566**	352,152
EQUITY			
Equity attributable to owners of the Company			
Share capital: nominal value		**1,020,960**	370,960
Reserves		**447,607**	(24,446)
Total equity		**1,468,567**	346,514
LIABILITIES			
Non-current liabilities			
Convertible bond	*15*	**162,776**	—
Deferred income tax liabilities	*16*	**10,269**	4,251
		173,045	4,251
Current liabilities			
Trade and other payables	*17*	**30,716**	1,222
Advances from customers		**238**	—
Tax payable		—	165
		30,954	1,387
Total liabilities		**203,999**	5,638
Total equity and liabilities		**1,672,566**	352,152

NOTES:

1. GENERAL INFORMATION

China Minsheng Drawin Technology Group Limited (formerly known as "South East Group Limited", hereinafter the "Company") was incorporated as an exempted company with limited liability in Bermuda on 28 February 1991 under the Companies Act 1981 of Bermuda and its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") starting from 25 July 1991.

The address of the registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company has been changed to Suites 1001-1004, Level 10, One Pacific Place, 88 Queensway, Admiralty, Hong Kong with effective from 9 January 2015.

The principal activities of the Company and its subsidiaries (the "Group") are property investment and prefabricated construction.

On 27 May 2015, China Minsheng Jiaye Investment Co., Ltd., a subsidiary of China Minsheng Investment Corp., Ltd., became a substantial shareholder of the Company.

The Company has changed its financial year end date from 31 March to 31 December commencing from the financial period ended on 31 December 2015.

The consolidated financial statements are presented in Hong Kong dollars (HK$) and rounded to the nearest thousand (HK$'000), unless otherwise stated.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the nine months ended 31 December 2015 but are extracted from those financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. BASIS OF PREPARATION *(continued)*

2.1 Changes in accounting policies and disclosures

(a) *New amendments of HKFRSs adopted by the Group for the nine months ended 31 December 2015*

The following new amendments to existing standards of HKFRSs, are mandatory for the first time for the Group's financial period beginning on 1 April 2015.

- Amendment to HKAS 19 "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014). The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

- Amendments from annual improvements 2010-2012 cycle, affecting the following 4 standards: HKFRS 8 "Operating Segments", HKAS 16 "Property, Plant and Equipment", HKAS 24 "Related Party Disclosures" and HKAS 38 "Intangible Assets" (effective for annual periods beginning on or after 1 July 2014).

- Amendments from annual improvements 2011-2013 cycle, affecting the following 3 standards: HKFRS 3 "Business Combinations'', HKFRS 13 "Fair Value Measurement" and HKAS 40 "Investment Property'' (effective for annual periods beginning on or after 1 July 2014).

The adoption of the above new amendments starting from 1 April 2015 did not give rise to any significant impact on the Group's results of operations and financial position for the nine months ended 31 December 2015.

(b) *New standards and amendments of HKFRSs not yet effective and not early adopted by the Group*

A number of new standards and amendments to exiting standards of HKFRSs are effective for annual periods beginning on 1 January 2016 or later periods and have not been early adopted by the Group in preparing the consolidated financial statements. Those which are relevant to the Group's operations are set out below:

2. BASIS OF PREPARATION *(continued)*

2.1 Changes in accounting policies and disclosures *(continued)*

(b) New standards and amendments of HKFRSs not yet effective and not early adopted by the Group (continued)

HKFRS 9 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in September 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

HKFRS 15 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction Contracts' and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

The management is currently assessing the full impact of the above new standards of HKFRSs that are not yet effective but do not expect they will have a significant impact on the Group's consolidated financial statements when they are adopted by the Group at their respective effective dates.

2. **BASIS OF PREPARATION** *(continued)*

2.2 Accounting period

In light of the Group's operations are to be carried out mostly through its subsidiaries established or to be established in the People's Republic of China, which are statutory required to close their accounts with the financial year end date of 31 December, and the financial results of the PRC subsidiaries are to be consolidated into the Company's consolidated financial statements, the Company determined to change its financial year end date from 31 March to 31 December commencing from the financial period ended on 31 December 2015.

Due to the change of the end of the financial period, this set of consolidated financial statements is for a period of nine months from 1 April 2015 to 31 December 2015. The comparative figures, however, are for twelve months from 1 April 2014 to 31 March 2015, and hence are not comparable.

3. **REVENUE**

Revenue of the Group consists of the following for the nine months ended 31 December 2015 and the year ended 31 March 2015:

	Nine months ended 31 December 2015 *HK$'000*	Year ended 31 March 2015 *HK$'000*
Rental income from investment properties	**347**	455

4. **EXPENSES BY NATURE**

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	Nine months ended 31 December 2015 *HK$'000*	Year ended 31 March 2015 *HK$'000*
Employee benefit expenses	**13,896**	6,940
Legal and professional fees	**3,302**	555
Operating lease rentals on office buildings	**2,841**	4,133
Depreciation	**1,022**	2
Entertainment expenses	**783**	20
Registration expenses	**706**	461
Auditors' remuneration		
— Audit services	**700**	330
— Interim review	**—**	45
Others	**4,288**	3,469
Total of cost of sales, selling and distribution expenses and administrative expenses	**27,538**	15,955

4. EXPENSES BY NATURE *(continued)*

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Employee benefit expenses including directors' and chief executive's remuneration		
Wages and salaries	**12,936**	6,805
Pension	**344**	111
Other welfare benefit expenses	**616**	25
Charged to statement of profit or loss and other comprehensive income	**13,896**	6,941

5. OTHER INCOME

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Interest income on bank deposits	**2,464**	649
Dividend income from available-for-sale financial assets	**779**	30
Sundry income	**117**	219
	3,360	898

6. OTHER (LOSSES)/GAINS — NET

	Nine months ended 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Net realised gain/(loss) on disposal of financial assets at fair value through profit or loss	**13,427**	(207)
Net unrealised fair value (loss)/gain on financial assets at fair value through profit or loss	**(18,338)**	10,587
Net unrealised gain on available-for-sale financial assets	**1,394**	—
Net exchange gain/(loss)	**1,617**	(52)
Fair value gains on investment properties *(Note 11)*	**453**	1,668
Recovery of trade receivables	**405**	92
Others	**(1)**	—
	(1,043)	12,088

7. FINANCE COSTS

	Nine months ended 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Interest expenses on convertible bond *(Note 15)*	**(8,340)**	(2,254)

8. INCOME TAX CREDIT/(EXPENSE)

	Nine months ended 31 December 2015 *HK$'000*	Year ended 31 March 2015 *HK$'000*
Current income tax		
— PRC land appreciation tax	**(125)**	—
— PRC corporate income tax	**(158)**	—
	(283)	—
Deferred income tax *(Note 16)*	**(1,263)**	417
Total income tax (credit)/expense for the period/year	**(1,546)**	417

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Nine months ended 31 December 2015 *HK$'000*	Year ended 31 March 2015 *HK$'000*
Profit before income tax	**(194,755)**	(4,795)
PRC land appreciation tax	**125**	—
	(194,630)	(4,795)
Income tax calculated at respective statutory rates	**(32,879)**	(684)
Non-deductible expenses (a)	**308**	677
Non-taxable income	**(230)**	(1,943)
Tax losses and temporary differences not recognised as deferred tax assets	**31,380**	2,367
PRC land appreciation tax	**(125)**	—
Total income tax (credit)/expense for the period/year	**(1,546)**	417

(a) Non-deductible expenses for income tax purposes mainly resulted from interest expense on convertible bond and non-deductible entertainment expenses.

8. INCOME TAX CREDIT/(EXPENSE) *(continued)*

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5%. Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong during the nine months ended 31 December 2015 (year ended 31 March 2015: Nil).

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC ("CIT Law"), the CIT rate applicable to the Group's subsidiaries established in mainland China is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The Company's mainland China subsidiaries did not make any profit for the nine months ended 31 December 2015 and hence no such withholding tax was accrued (year ended 31 March 2015: Nil).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statement of profit or loss and other comprehensive income as income tax expense.

9. DIVIDEND

The Board of Directors did not recommend any payment of dividend in respect of the nine months ended 31 December 2015 (year ended 31 March 2015: Nil).

10. LOSS PER SHARE

(a) Basic

Basic loss per share for the period/year is calculated by dividing the consolidated loss of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year.

	Nine months ended 31 December 2015	Year ended 31 March 2015
Consolidated loss attributable to owners of the Company (HK$'000)	**(193,209)**	(5,212)
Weighted average number of ordinary shares in issue ('000)	**8,862,330**	2,032,365
Basic loss per share (HK cent)	**(2.18)**	(0.26)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares for both the nine months ended 31 December 2015 and the year ended 31 March 2015, which is the convertible bond (Note 15). The convertible bond is assumed to have been converted into ordinary shares, and the net loss is adjusted to eliminate the interest expense less the tax effect. For the nine months ended 31 December 2015 and the year ended 31 March 2015, the Group incurred a loss, the impact of conversion of convertible bond on loss per share is anti-dilutive. Diluted loss per share therefore is equal to basic loss per share.

11. INVESTMENT PROPERTIES

	Nine months ended 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Beginning balance	**39,468**	37,800
Net gains from fair value adjustments *(Note 6)*	**453**	1,668
Currency translation differences	**(2,198)**	—
Ending balance	**37,723**	39,468

Investment properties held by the Group are all commercial properties located in the PRC.

An independent valuation of the Group's investment properties was performed by the valuer, Grant Sherman Appraisal Limited, to determine the fair value of the investment properties as at 31 December 2015 and 31 March 2015 respectively. The revaluation gains or losses are included in 'Other (losses)/gains — net' in the consolidated statement of profit or loss and other are comprehensive income (Note 6).

12. AVAILABLE–FOR-SALE FINANCIAL ASSETS

	Nine months ended 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Beginning balance	**2,131**	2,082
Acquisitions	**292,820**	—
Disposals	**(184)**	—
Fair value change through other comprehensive income	**(9,983)**	76
Impairment loss on available-for-sale financial assets recognised in profit or loss	**(89,541)**	(27)
Ending balance	**195,243**	2,131
Less: Non-current portion	**(102,423)**	(2,131)
Current portion	**92,820**	—

12. AVAILABLE–FOR-SALE FINANCIAL ASSETS *(continued)*

Available-for-sale financial assets include the following:

	As at 31 December 2015	As at 31 March 2015
	HK$'000	*HK$'000*
Private funds	**101,170**	—
Structured deposits	**92,820**	—
Listed equity securities in Hong Kong, at fair value	**1,253**	1,947
Unlisted equity investments, at cost	**—**	184
	195,243	2,131

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2015	As at 31 March 2015
	HK$'000	*HK$'000*
Trade receivables	**579**	984
Less: Provision for impairment of trade receivables	**(579)**	(984)
Total receivables, net	**—**	—
Earnest money for acquisition of certain properties located in Shenzhen (a)	**72,000**	72,000
Earnest money for acquisition of a Shanghai property company (b)	**28,000**	28,000
Rental deposits	**3,516**	350
Prepayments	**2,329**	1,131
Others	**1,200**	6,933
Less: Non-current portion of other receivables and prepayments	**—**	—
	107,045	108,414
Less: Provision for impairment of other receivables and prepayments (a)	**(72,000)**	—
Current portion	**35,045**	108,414

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

The aging of trade receivables as at 31 December 2015 and 31 March 2015 based on the invoice issue date are as follows:

	As at 31 December 2015 *HK$'000*	As at 31 March 2015 *HK$'000*
More than 2 years	**579**	984

The maximum exposure to credit risk as at 31 December 2015 and 31 March 2015 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security against the receivables.

As at 31 December 2015 and 31 March 2015, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2015 and 31 March 2015, the carrying amounts of trade and other receivables and prepayments are primarily denominated in HK$.

(a) On 26 February 2014, the Group (as purchaser) entered into a non-legally binding framework agreement (as supplemented by four supplemental framework agreements dated 23 May 2014, 22 August 2014, 25 November 2014 and 30 December 2014) with Mr. Liu Shu (as vendor) relating to a possible acquisition of certain properties in Shenzhen, the PRC by the Group at a consideration to be determined with reference to the finalised market value of such properties, which shall be satisfied in the combination of cash, consideration shares, promissory notes and/or convertible notes of the Group; and the cash portion of which shall not be less than HK$300 million. Subsequently, a total of HK$72 million was paid to the vendor as earnest money. As no formal agreement was entered into by the long stop date on 25 February 2015, the framework agreement (as supplemented by the four supplemented framework agreements as mentioned above) lapsed on 25 February 2015. The Group had made full provision for bad debt of the refund of the abovementioned earnest money owed to the Group by Mr. Liu Shu after unsuccessful claim for such refund for an extended period of time.

(b) On 24 December 2014, the Group entered into a non-legally binding framework agreement relating to a possible acquisition of the entire equity interest of Jinhong Property Development Limited (金鴻置業有限公司) by the Group. On 8 March 2016, the Group had decided not to proceed with the possible acquisition and the framework agreement had lapsed pursuant to its terms. Considering the current negotiation with the seller, the Directors are of the view that the Group is likely to collect the refund of substantial part of the earnest money in due course and hence no provision was made.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2015	As at 31 March 2015
	HK$'000	*HK$'000*
Equity securities, at fair value		
— listed in Hong Kong	**90,169**	70,384

Financial assets at fair value through profit or loss are presented within 'Operating activities' as part of changes in working capital in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Other (losses)/gains – net' in the consolidated statement of profit or loss and other comprehensive income (Note 6).

The fair value of all equity securities is based on their current bid prices in an active market.

15. CONVERTIBLE BOND

(1) Convertible bond issued in 2015

The Company issued a zero coupon convertible bond at a par value of HK$200 million on 27 May 2015. The bond matures on the third anniversary of the date of issue at the nominal price of HK$200 million or can be converted into shares at the holder's option during the period from the date which is 6 months from the date of the issue and up to ten business days prior to the maturity date at the conversion price of HK$0.2 per conversion share. The value of the liability component and the equity conversion component were determined at issuance of the bond.

(2) Convertible bond issued on 7 May 2008

The Company issued a convertible bond with par value of HK$18,000,000 on 7 May 2008 and recorded an equity component of HK$5,888,000 and a liability component using a 5% per annum interest rate. On 12 December 2014, the convertible bondholder converted the bond into Company's shares at HK$0.16 per share. Accordingly, the equity component of HK$5,888,000 and the liability component of HK$66,198,000 were de-recognised, and share capital and share premium with the amount of HK$42,500,000 and HK$29,586,000 was recorded accordingly.

15. CONVERTIBLE BOND *(continued)*

The convertible bond recognised in the balance sheet is calculated as follows:

	As at 31 December 2015	As at 31 March 2015
	HK$'000	*HK$'000*
Nominal value of the convertible bond	**200,000**	68,000
Less: Equity component	**(45,118)**	(5,888)
	154,882	62,112
Interest expenses	**8,340**	4,086
Professional fees	**(446)**	—
Conversion of convertible bond	**—**	(66,198)
Liability component	**(162,776)**	—
Analysed for reporting purposes as:		
Current liabilities	**—**	—
Non-current liabilities	**(162,776)**	—
	(162,776)	—

The fair value of the liability component of the convertible bond as at 31 December 2015 approximates its book value. The fair value is calculated using cash flows discounted at a rate based on borrowing rate of 8.9% and are within level 2 of the fair value hierarchy.

16. DEFERRED INCOME TAX

The gross movement on the deferred income tax account is as follows:

	Nine months ended 31 December 2015 *HK$'000*	Year ended 31 March 2015 *HK$'000*
At beginning of the period/year	**4,251**	3,834
Income statement charge *(Note 8)*	**(1,263)**	417
Tax charge through equity	**7,518**	—
Currency translation differences	**(237)**	—
At end of the period/year	**10,269**	4,251

At the end of the reporting period, the Group has unused tax losses of approximately HK$58,483,613 (31 March 2015: HK$37,489,000) that are available for offsetting against future taxable profits. These tax losses have no expiry dates except for the tax losses of approximately HK$9,235,350 (31 March 2015: HK$1,261,000) which will expire at various dates up to and including year of 2020 (31 March 2015: year of 2019). Deferred tax asset arising from the unused tax losses has not been recognised in the consolidated financial statements as, in the opinion of the Directors, it is not probable to determine whether sufficient future profits will be available to utilise the tax losses. In addition, no deferred tax asset was recognised on other items as at 31 December 2015 including mainly impairment provision on available-for-sale financial assets amounted to HK$89,541,000 (31 March 2015: HK$27,000) and impairment provision on other receivables amounted to HK$72,000,000 (31 March 2015: Nil), as it is uncertain whether such deferred tax asset can be recovered.

17. TRADE AND OTHER PAYABLES

	As at 31 December 2015 *HK$'000*	As at 31 March 2015 *HK$'000*
Trade payables	**1,030**	334
Amounts due to related parties	**12,614**	—
Payable related to acquisition of Guangzhou plant (a)	**10,974**	—
Accrued payroll	**5,701**	2
Others	**397**	886
	30,716	1,222

17. TRADE AND OTHER PAYABLES *(continued)*

(a) During the nine months ended 31 December 2015, the Group acquired a plant, together with certain equipment in Guangzhou. Total consideration is HK$75,565,000, of which HK$10,974,000 has not yet been paid as of 31 December 2015.

The aging analysis of trade payables and notes payable as at 31 December 2015 and 31 March 2015 are as follows:

	As at 31 December 2015 *HK$'000*	As at 31 March 2015 *HK$'000*
Less than 1 year	**1,030**	334

As 31 December 2015 and 31 March 2015, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2015 and 31 March 2015, the carrying amounts of trade and other payables are primarily denominated in RMB.

18. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The Group is managed centrally and the Directors are of the view that the whole Group is one single business segment and hence no segment information is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

STRONG MARKET POTENTIAL AND FAVORABLE INDUSTRY ENVIRONMENT UNDER CHINA'S "NEW ECONOMY"

The rise of China's economy over the past two decades has relied heavily on capital investment and exports backed by a large and relatively cheap labor force. In the coming years, the hope is to steer the economy onto a more sustainable track with growth driven by domestic consumption. With the annual gross domestic product (GDP) growth target no longer a top priority, the central government of China has shifted its attention to creating policy under China's "new economy" that encourages sustainable development. On the other hand, while developed countries continue to search for ways to stabilize their markets in view of political and economic challenges, emerging markets continue to face headwinds in the midst of mixed economic growth patterns, creating a dichotomy of an uncertain global economic environment and a favorable domestic industry outlook.

The Group believes in turning challenges into opportunities against the backdrop of the current market environment. The construction sector in China still represents a huge market with an annual output of RMB18 trillion in 2015. While the majority of construction companies still use traditional construction methods, the government has encouraged the application of prefabricated and industrialized technologies in construction of buildings in recent years. In addition to upgrading the construction industry in general, concern for the environment is a major reason that the central government has created multi-pronged policies to drive the transformation of the construction industry. Clean production, green building and low-carbon systems have become part of a national level strategy in China's 13th Five-year Plan. According to "The Opinions and Guidelines on Further Strengthening Urban Planning and Development Management" released by the State Council in February 2016, construction techniques that generate less waste and use fewer resources, such as the use of prefabricated building units and materials, are encouraged, while outlandish architecture that is not economical, functional, aesthetically pleasing or environmentally friendly will be discouraged. In addition, the guidelines projected that 30% of new buildings will be constructed by prefabricated units within the next 10 years. Currently, nearly 40 to 50 cities and provinces in China including Beijing, Shanghai, Shenzhen, Jiangsu Province, Hunan Province and Fujian Province, have issued favorable policies to support the development of prefabricated construction.

As a result, the Group believes that its expansion strategy of investing in the upstream property development sector, namely building up its capability in industrialized and prefabricated construction, is in line with market trends (including that for property developers) and the national policy. Moreover, this strategy will enable the Group to develop in line with the transition of the construction industry from its current business model, which is associated with high costs, low quality, long construction periods, high energy consumption and severe environmental pollution.

STEADY PROGRESS IN BUSINESS DEVELOPMENT AND EXPANSION

During the period under review, the Group made continuous efforts to establish its network by developing production hubs, i.e. China Minsheng Drawin Green Construction Technology Parks (the "Technology Parks"), in several major cities throughout China. The Technology Parks will provide a one-stop construction solution, including but not limited to R&D, design, production and sales of intelligent and green building construction technology and modules for prefabricated construction.

To achieve its near-term goal of building five Technology Parks, the Group has strived to secure sites for the Technology Parks. During the period under review, the Group successfully secured three land parcels in Guangdong, Zhejiang, and Hunan Provinces to develop the Technology Parks. Recently, the Group also secured two sites in Jiangning district, Nanjing (for details please refer to the Company's announcement dated 23 March 2016).

In addition, on 3 March 2016, China Minsheng Drawin Technology Investment Co., Ltd.* (中民築友科技投資有限公司) ("CMDTI"), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with China Minsheng Drawin Co., Ltd.* (the "JV Partner"), a non-wholly owned subsidiary of China Minsheng Jiaye Investment Co., Ltd., pursuant to which a joint venture (the "Joint Venture") will be established for the continuing development of an industrial park in Changsha, Hunan Province, subject to obtaining all necessary approvals and/or filings required under applicable laws and regulations, including without limitation, the Company having obtained the approval from the independent shareholders at a general meeting as required under the Listing Rules (for details please refer to the announcement dated 3 March 2016). Currently, the construction of the Changsha industrial park (phase I) has been completed and the relevant equipment and facilities have been tested for trial operations.

The Group also entered into project investment agreements with local governments in Nanning and Nan'an in August and December 2015, respectively (for details please refer to the Company's announcements dated 31 August 2015 and 14 December 2015). Pursuant to the project investment agreements, the Group has agreed to acquire land parcels through tender, auction or listing-for-sale from the relevant PRC authorities for developing its Technology Parks.

BECOMING A COMPETITIVE PLAYER IN THE INDUSTRIALIZED CONSTRUCTION INDUSTRY WITH A FOCUS ON TECHNOLOGY INNOVATION AND ADVANCEMENT

The Group is aiming to become one of the most competitive players in the industrialized construction industry with a focus on technology innovation. To realize this goal, the Group will continue to carry out operation strategies which include accelerating the construction of the Technology Parks, strengthening our market development, enhancing the R&D and design capabilities to improve product quality and to increase production efficiency.

SPEEDING UP THE CONSTRUCTION OF TECHNOLOGY PARKS

It is the Group's near-term goal to have up to five Technology Parks expected to start operation or have their construction completed by around the end of 2016, which include the Technology Parks in Guangdong, Zhejiang and Hunan Provinces as mentioned above. At the same time, the Group will continue to explore other opportunities for developing additional Technology Parks. The Group favours investments in provincial cities where the economies are vibrant, market potential is huge, the level of acceptability for prefabrication or support from the local government is high, and the infrastructure and logistics systems are good.

It is expected that once production facilities and equipment are installed at any one of the Technology Parks, the Group will be able to produce and sell prefabricated construction modules, broaden its revenue stream and enhance its market position.

STRENGTHENING MARKET DEVELOPMENT

In addition to the above, the Group aims to carry out other activities that relate to its property development and other investment businesses if there are lucrative opportunities. On a selective basis, the Group is exploring and will continue to identify business opportunities for involving in both public and private property development projects, including government sponsored housing projects, commodity housing and agricultural townhouses projects. In addition, the Group is interested in urban infrastructure projects that feature a high degree of standardization and prefabrication. It is also exploring possibilities of business cooperation with some of the leading property developers in China.

ENHANCING R&D AND DESIGN CAPABILITIES, PRODUCT QUALITY AND PRODUCTION EFFICIENCY

Industrialized construction is a high-technology based industry, thus, the Group will continue to enhance R&D and design capabilities in relation to industrialized construction, such as developing new technologies in building materials, architectural design and manufacturing.

The Group will directly benefit from the establishment of the Joint Venture in Changsha (if it is approved by its independent shareholders) as the JV Partner has developed advanced technologies and know-how relating to the production of prefabricated units and building materials. The Group believes these collaborations will strengthen the competence of our technology and R&D capabilities, and will ultimately improve product quality and increase the production efficiency of the Technology Parks.

Besides, the Group will also explore opportunities to create alliances with famous universities or leading industry enterprises on industrialized construction technology research or collaboration.

Looking ahead, the board of directors of the Company (the "Board") believes that the Group will strive to grow the business and achieve an improved financial and operating performance, delivering returns for the Company's shareholders in the long-term.

Financial Review

Revenue and gross profit analysis

During the nine months ended 31 December 2015, the Group was principally engaged in the business of property investment and prefabricated construction work in the PRC. There was a gross floor area of approximately 7,845 square metres of the commercial properties held by the Group located in Zouping, Shandong, PRC. Rental income of approximately HK$347,000 was generated from leasing out part of commercial properties concerned and the direct expenses were mainly fixed rate turnover taxes.

Other income

During the nine months ended 31 December 2015, the other income were approximately HK$3,360,000, which mainly included the gain from interest income as a result of increase in cash balances.

Impairment losses on available-for-sale financial assets and other receivables

During the nine months ended 31 December 2015, the impairment losses include the amounts provided on available-for-sale financial assets of approximately HK$89,541,000 and full provision for bad debt of the refund of earnest money in the amount of approximately HK$72 million owed to the Group by Mr. Liu Shu in relation to the proposed acquisition of properties in Shenzhen, after unsuccessful claim for such refund for an extended period of time (please refer to the announcement made by the Company dated 7 March 2016 for detailed information).

Administrative expenses

During the nine months ended 31 December 2015, the administrative expenses were approximately HK$27,465,000, which mainly included staff salaries, Directors' remuneration, legal and professional fees, office rental and depreciation expenses. The substantial increase in the administrative expenses was due to the Group's active hiring of personnel to support the expansion of the Group's businesses and operations in China.

Finance costs

For the nine months ended 31 December 2015, the finance costs mainly represented the effective interest amortised on the zero coupon convertible bond ("**CB**") with outstanding principal amount of HK$200 million issued on 27 May 2015. The effective interest rate applied on the liability component of approximately HK$154,882,000 is 8.9% per annum. The residual amount of approximately HK$45,118,000 is assigned in the equity component of the CB and is included in shareholders' equity.

Total assets

The total assets of the Group as at 31 December 2015 were approximately HK$1,672 million, representing an increase of approximately HK$1,320 million, or 375.0 % from approximately HK$352 million as at 31 March 2015. The increase was mainly attributable to the net proceeds of approximately HK$1,498 million received from the shares subscription and zero coupon CB issued on 27 May 2015 (details can be referred to the section headed "Capital Structure" below).

Total liabilities

The total liabilities of the Group as at 31 December 2015 were approximately HK$204 million, representing an increase of approximately HK$198 million, or 3,518.3%, from approximately HK$6 million as at 31 March 2015. The increase was mainly attributable to additions of liability component from the zero coupon CB issued on 27 May 2015 (details can be referred to the section headed "Capital Structure" below) and deferred tax liability from the zero coupon CB.

Total equity

The total equity attributable to shareholders of the Company as at 31 December 2015 was approximately HK$1,469 million, representing an increase of approximately HK$1,122 million, or 323.8%, from approximately HK$347 million as at 31 March 2015. The increase was mainly attributable to combined net effect of (i) increase in share capital and share premium of approximately HK$1,298 million from the issuance of 6,500,000,000 shares at HK$0.2 each completed on 27 May 2015; (ii) share of equity component of approximately HK$37,600,000 from the zero coupon CB issued on 27 May 2015; (iii) available for sales investment devaluation loss recognised at revaluation reserve in equity of approximately HK$9,983,000 and decrease in exchange reserve of approximately HK$10,675,000 and (iv) loss for the nine months ended 31 December 2015 of approximately HK$193,209,000.

CAPITAL STRUCTURE

As disclosed in the Company's announcements dated 2 March 2015 and 9 March 2015 and circular dated 30 April 2015, on 9 February 2015, China Minsheng Jiaye Investment Co., Ltd ("**CMJYI**") and the Company entered into a share subscription agreement (the "**Share Subscription Agreement**") pursuant to which CMJYI agreed to subscribe for and the Company agreed to issue and allot 6,500 million new shares of the Company which was determined by dividing HK$1,300 million by HK$0.20 each per subscription share (the "**Share Subscription**"). The Company also entered into a CB subscription agreement (the "**CB Subscription Agreement**") with Honghu Capital Company Limited ("**Honghu Capital**") on the same date pursuant to which the Company agreed to issue, and Honghu Capital agreed to subscribe for, the zero coupon CB in an aggregate principal amount of HK$200 million (the "**CB Subscription**"). The Share Subscription Agreement and CB Subscription Agreement were approved by the Company's shareholders on 18 May 2015 and completion took place on 27 May 2015.

The net proceeds obtained by the Group from Share Subscription and CB Subscription amounted to approximately HK$1,498 million. Details of the intended use of proceeds and actual use of proceeds were disclosed in the section headed "Issue of new shares and zero coupon CB and use of proceeds" below.

As at 31 December 2015, the Company's issued share capital was approximately HK$1,020,960,000 (31 March 2015: HK$370,960,000) with 10,209,602,920 (31 March 2015: 3,709,602,920) ordinary shares of HK$0.10 each (the "**Shares**") in issue.

As at 31 December 2015, the Group's liabilities were mainly attributable to the zero coupon CB of the Company due on 26 May 2018 (the "**Maturity Date**") with an outstanding principal amount of HK$200 million. The zero coupon CB can be converted into a maximum number of 1,000,000,000 ordinary shares (will rank pari passu in all aspects with the existing shares in issue) after 6 months from the date of issue of zero coupon CB at the conversion price of HK$0.2 per Share. The Company has no obligation to redeem the zero coupon CB prior to the Maturity Date unless an event of default as provided in the terms and conditions of the zero coupon CB occurs prior to the Maturity Date and the bondholder serves a notice on the Company requiring the zero coupon CB to be redeemed.

The terms and conditions of the zero coupon CB provide, among other things, that if the nominal value of the shares is altered as a result of consolidation, subdivision or reclassification, the conversion price should be adjusted by multiplying the conversion price in force immediately before such alteration by the fraction — A/B, (where: A is the nominal amount of one share immediately after such alteration; and B is the nominal amount of one share immediately before such alteration.)

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, cash and bank balances of the Group amounted to approximately HK$1,184,598,000, as compared to approximately HK$131,695,000 as at 31 March 2015. At the end of the period, the Group's total borrowings represented the carrying amount of the CB were approximately HK$ 162,776,000 (31 March 2015: Nil).

The Group borrowings were all denominated in HK$ and bank balances and cash were mainly denominated in HK$ and RMB. As at 31 December 2015, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it facing significant foreign exchange risks and exposures.

The Group's financial base and liquidity have been strengthened to a healthy position after completion of the Shares Subscription and CB Subscription in May 2015. The Group has raised net proceeds of approximately HK$1,498 million for financing future development, details of the actual use of proceeds were stated in the section headed "Issue of new shares and zero coupon CB and use of proceeds" below.

The Group's gearing ratio as at 31 December 2015 was 9.7 %, being the ratio of the Group's total borrowings to its total assets (gearing ratio as at 31 March 2015: Nil).

SUBSEQUENT EVENT

On 8 March 2016, the Company had terminated the non-legally binding agreement with Greenland Holding Group Company Limited ("Greenland") in relation to the possible acquisition of Jinhong Property Development Limited by the Company (the "Possible Acquisition"). Details can be referred to the announcements made by the Company on 17 December 2014, 24 December 2014 and 8 March 2016. The Company had considered the Possible Acquisition from various commercial perspectives including, amongst others, continuous supply of prime office buildings in Shanghai, recent fluctuation in China's stock market and Renminbi exchange rate, and China's slowdown in economic growth. The Company therefore decided not to proceed with the Possible Acquisition and the framework agreement lapsed pursuant to its terms. The Company would forthwith negotiate with Greenland with respect to the refund of the HK$28 million earnest money paid under the Framework Agreement.

As mentioned in the section headed "Business Review and Prospects" above, it is proposed that CMDTI and the JV Partner will establish the Joint Venture for the continuing development of the industrial park in Changsha with a total site area of approximately 235,000 square metres, for the production of property prefabricated units and building materials, subject to obtaining all necessary approvals and/or filings required under applicable laws and regulations, including without limitation, the Company having obtained the approval from the independent shareholders at a general meeting as required under the Listing Rules. The Joint Venture will be held as to 51% by CMDTI and as to 49% by the JV Partner and accordingly, if established, the Joint Venture will be accounted for as an indirect subsidiary of the Company. It is intended that CMDTI will contribute cash in the amount of approximately RMB476 million and the JV Partner will contribute assets consisting of land use right for the Changsha industrial park as well as its existing properties, production equipment, facilities and construction in progress with the total value of approximately RMB457 million. Details can be referred to the announcement dated 3 March 2016.

In addition, in March 2016, the Group successfully secured two sites in Jiangning distinct, Nanjing with an area of approximately 100,838 sq.m. for a consideration of RMB60,520,000. Details can be referred to the Company's announcement dated 23 March 2016.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in the paragraph under the section headed "Business Review and Prospects" above, the Group did not make any material acquisition and disposal of subsidiaries and associated companies during the nine months ended 31 December 2015.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group will actively seek for market opportunities in order to broaden its capital base and to enhance its income source. Hence, the Group may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise.

ISSUE OF NEW SHARES AND ZERO COUPON CB AND USE OF PROCEEDS

Issue of new shares and zero coupon CB

The completion of Share Subscription took place on 27 May 2015 and raised funds of approximately HK$1,298 million. The net price per Subscription Share is approximately HK$0.199 after deduction of relevant expenses of the Share Subscription. The subscription shares represented approximately 1.75 times of the issued share capital of the Company as at the date of the Share Subscription Agreement and approximately 63.67% of the issued share capital of the Company as enlarged by the Share Subscription.

The subscription shares had a market value of approximately HK$2,275,000,000 based on the closing price of the shares of the Company of HK$0.35 on 6 February 2015 (being the last trading day before the trading halt on 9 February 2015). The subscription price of HK$0.20 represented (i) a discount of approximately 42.86% to the closing price of the shares of HK$0.35 per share as quoted on the Stock Exchange on the last trading day; and (ii) a discount of approximately 35.06% to the average closing prices of the shares of HK$0.308 per share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Share Subscription Agreement.

The completion of CB Subscription took place on 27 May 2015. On completion date, zero coupon CB with an aggregate principal amount of HK$200 million had been issued to Honghu Capital.

Rights issue

The Company completed a rights issue in October 2014, and raised HK$283 million of new capital. These rights shares have been listed and traded on the Stock Exchange since 31 October 2014. The 2,919,647,040 rights shares issued representing 8 times of the Company's issued share capital immediately before completion and approximately 88.89% of the Company's issued share capital as enlarged by the issue of the rights shares, at a subscription price of HK$0.10 per rights share on the basis of eight rights shares for every one share held by the qualifying shareholders. The net price per rights share is approximately HK$0.097 after deduction of relevant expenses.

The rights share had a market value of approximately HK$1,021,876,464 based on the closing price of the shares of the Company of HK$0.35 on 11 August 2014 (being the last trading day and before the closing price adjustment after the rights issue completion). The subscription price of HK$0.10 represented (i) a discount of approximately 71.43% to the closing price of the shares of HK$0.35 per share as quoted on the Stock Exchange on the last trading day; and (ii) a discount of approximately 72.14% to the average closing prices of the shares of HK$0.359 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last trading day.

Use of proceeds

Event	Net Proceeds	Intended use of proceeds	Update on use of proceeds as at 31 December 2015	Unutilized portion of the net proceeds as at 31 December 2015
Allotment and issue of 6,500 million new shares of the Company at the subscription price of HK$0.2 each and issue of HK$200 million zero coupon CB on 27 May 2015	HK$1,498 million	Approximately HK$600 million for pursuing the Possible Acquisition.	The Company decided not to proceed with the Possible Acquisition and the HK$600 million proceeds will be used to pursue other investment opportunities of the Group including property related and prefabrication construction businesses. To enhance yield of the idle cash of the Group, approximately HK$23 million and HK$193 million have been used in June 2015 for investment in financial assets at fair value through profit or loss and available-for-sale financial assets.	HK$384 million unutilized proceeds are held in cash in bank.
		Approximately HK$800 million for making investment in or acquiring new business opportunities in the upstream PRC property development sector in Central, Eastern and Southern China.	HK$120 million has been used for acquisition of land and facilities upgrade.	HK$680 million unutilized proceeds are held in cash in bank.
		Approximately HK$98 million as general working capital of the Group.	HK$20 million has been utilized as working capital of the Group.	HK$78 million unutilized proceeds are held in cash in bank.

Event	Net Proceeds	Intended use of proceeds	Update on use of proceeds as at 31 December 2015	Unutilized portion of the net proceeds as at 31 December 2015
Rights issue of 2,919,647,040 shares of the Company at the subscription price of HK$0.1 each on 11 August 2014	HK$283 million	Future development of the Group, including but not limited to for the payment of the cash portion of the consideration of the proposed acquisition of properties in Shenzhen, while the remaining proceeds (if not utilized) will be applied for other investment opportunities identified and/or the business development of the Group and/or general working capital of the Group.	HK$72 million has been used for payment of the earnest money in relation to the proposed acquisition of properties in Shenzhen. The framework agreement in relation to the proposed acquisition of properties in Shenzhen had lapsed. The Group had made full provision for bad debt of the refund of earnest money (please refer to the announcement dated 7 March 2016 for details). HK$28 million has been used for payment of the earnest money in relation to the Possible Acquisition. The Company has decided not to proceed with the Possible Acquisition and is in negotiation to demand the refund of the earnest money (please refer to the announcement dated 8 March 2016 for details). HK$23 million has been utilized as working capital of the Group. To enhance yield of the idle cash of the Group, HK$60 million and HK$100 million have been used in June 2015 for investment in financial assets at fair value through profit or loss and available-for-sale financial assets.	Not applicable

CHANGE IN COMPOSITION OF THE BOARD OF DIRECTORS (THE "BOARD"), CHIEF EXECUTIVE AND THE BOARD COMMITTEE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in composition of the Board, chief executive and the Board Committee since the publication of the Company's annual report 2015 were as below:

With effect from 3 July 2015, Mr. Chen Domingo resigned as deputy chairman of the Board, but continued to serve as an executive Director; Mr. Lee Chi Ming was re-designated from chairman of each of the Nomination Committee and the Remuneration Committee to a member of each of the Nomination Committee and the Remuneration Committee; Mr. Chan Chi Yuen resigned as executive Director; Mr. Mi Hongjun was appointed as an executive Director, chairman of the Board, chairman of each of the Nomination Committee and the Remuneration Committee; Mr. Yin Jun was appointed as an executive Director, deputy chairman of the Board and chief executive officer of the Company; and Ms. Fang Rong and Mr. Zhou Feng were appointed as non-executive Directors.

Mr. Mock Wai Yin ceased to act as an authorized representative of the Company with effect from 3 July 2015 and Mr. Lau Wing Chuen, Company Secretary of the Company, filled the vacant position as an authorized representative of the Company with effect on the same date.

Mr. Yeung Chun Wai, Anthony resigned as an executive Director, deputy chairman of the Board and an authorized representative of the Company on 8 September 2015. Mr. Chen Domingo had been appointed as an authorized representative of the Company on the same date.

Mr. Chen Donghui was appointed as the chief financial officer of the Company with effect from 8 September 2015.

On 8 September 2015, Mr. Mi Hongjun was re-designated from the chairman of the Remuneration Committee to a member of Remuneration Committee of the Company and Mr. Jiang Hongqing was appointed as the chairman of the Remuneration Committee of the Company.

Summary of the Directors and their role and function are set out as follows:

Executive Directors:
Mr. MI Hongjun *(Chairman)*
Mr. YIN Jun *(Deputy Chairman, Chief Executive Officer)*
Mr. CHEN Domingo

Non-executive Directors:
Ms. FANG Rong
Mr. ZHOU Feng

Independent Non-executive Directors:
Mr. LEE Chi Ming
Mr. JIANG Hongqing
Mr. CHAN Chi Hung, Anthony

Board Committee / Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. MI Hongjun	—	M	C
Mr. LEE Chi Ming	M	M	M
Mr. JIANG Hongqing	C	C	M
Mr. CHAN Chi Hung, Anthony	M	—	—

Notes:
C — Chairman of the relevant Board committees
M — Member of the relevant Board committees

EMPLOYEE INFORMATION

At 31 December 2015, the Group had a total of 114 (31 March 2015: 14) employees (excluding the Directors). 109 (31 March 2015: 8) of them worked in the PRC and 5 (31 March 2015: 6) of them worked in Hong Kong.

Employees are basically remunerated based on the nature of their job and their performance as well as the prevailing market trend. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. Other employee benefits include mandatory provident fund, medical insurance coverage and share option scheme.

CHARGES ON GROUP ASSETS

At 31 December 2015, the Group had no significant assets pledged to banks to secure general banking facilities and bank loans granted to the Group (31 March 2015: Nil).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2015, the Group had outstanding capital commitments in the aggregate amount of approximately HK$104.71 million (31 March 2015: Nil) and no material contingent liabilities (31 March 2015: Nil).

LITIGATION

At 31 December 2015, the Group was not involved in any material litigation.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the applicable code provisions (the "**Code Provision(s)**") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the nine months ended 31 December 2015 except the following:

Under Code Provision A.1.1, board meetings should be held at least four times a year at approximately quarterly intervals. The Board aims to meet regularly in person or through electronic means of communication at least four times a year. However, for the sake of flexibility, the Board may also hold meetings with less than 14 days' notice as required for regular meetings under Code Provision A.1.3, it may also pass resolutions by circulation of documents if considered appropriate. The Company will keep reviewing the above arrangements and make appropriate changes to improve the corporate governance practices of the Company if considered necessary.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Fong Rong and Mr. Zhou Feng, each being an non-executive Director and Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing, all of them being independent non-executive Directors, could not attend the annual general meeting of the Company held on 18 August 2015 because of their other business commitments; due to other business engagements, Mr. Chan Chi Hung, Anthony, could not attend the special general meeting of the Company held on 18 May 2015. Aiming for compliance with this Code Provision, the Company will continue to furnish all the Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in a cautious manner to enable all the Directors to attend the general meetings as far as possible.

Under Code Provision A.7.1, an agenda and accompanying board papers should be sent, in full, to the directors at least three days before the intended date of a board or board committee meeting. For practical reasons, an agenda and accompanying board papers may not be sent in full three days in advance of the meeting concerned, especially in case of meetings held on an ad hoc basis. The Company will endeavour to send the agenda and accompanying board papers in full to the Board and Board committees three days in advance to the extent practicable.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Based on the specific enquiry made to the Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the nine months ended 31 December 2015.

AUDIT COMMITTEE

The Company has set up an audit committee (the "**Audit Committee**") with specific written terms of reference which deal with its authorities and duties. The Audit Committee currently comprises all independent non-executive Directors. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed the auditing, internal control and financial reporting matters, including a review of the final results and the consolidated financial statements for the nine months ended 31 December 2015.

PUBLICATION OF FINANCIAL INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for the nine months ended 31 December 2015 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the Stock Exchange's website (http://www.hkexnews.hk) and on the Company's website (http://cmdrawin.todayir.com) in due course.

By order of the Board of
China Minsheng Drawin Technology Group Limited
Mi Hongjun
Chairman and Executive Director

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises Mr. Mi Hongjun (Chairman), Mr. Yin Jun (Deputy Chairman) and Mr. Chen Domingo as executive Directors; Ms. Fang Rong and Mr. Zhou Feng as non-executive Directors; Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing as independent non-executive Directors.

* *For identification purposes only*