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CHINA MINSHENG DIT GROUP LIMITED

中民築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

ANNOUNCEMENT

- (A) FRAMEWORK AGREEMENTS IN RELATION TO
(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS –
EPC SERVICE ARRANGEMENT AND
PARK DESIGN SERVICE ARRANGEMENT;
AND
(2) CONTINUING CONNECTED TRANSACTIONS –
SUPPLY ARRANGEMENT AND PC DESIGN SERVICE
ARRANGEMENT
AND
(B) PROPERTY LEASING AGREEMENT IN RELATION TO
CONTINUING CONNECTED TRANSACTION**

INTRODUCTION

The Board is pleased to announce that on 3 April 2019, (i) the Company and CMDCT entered into the Framework Agreement I in relation to (a) the provision of EPC general contracting services by the CMDCT Group to the Group, namely the EPC Service Arrangement and (b) the supply of prefabricated construction components and products by the Group to the CMDCT Group, namely the Supply Arrangement; (ii) the Company and CMDCD entered into the Framework Agreement II in relation to (a) the provision of design services by the CMDCD Group to the Group in respect of the Group's technology parks in the PRC, namely the Park Design Service Arrangement and (b) the provision of design services by the CMDCD Group to the Group in respect of the design of prefabricated construction components and products, namely the PC Design Service Arrangement and (iii) CM Changsha, an indirect non wholly-owned subsidiary of the Company, and CM Technology entered into the Property Leasing Agreement, pursuant to which CM Changsha shall lease to CM Technology (or its subsidiaries) the properties within the Changsha technology park.

LISTING RULES IMPLICATION

As at the date of this announcement, CMIC, which held approximately 64.05% of the issued share capital of the Company, is the ultimate controlling shareholder, and hence a connected person, of the Company.

Framework Agreements

CMDCT is an indirect wholly-owned subsidiary of CMIC, and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, each of the EPC Service Arrangement and the Supply Arrangement under the Framework Agreement I constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

CMDCD is an indirect wholly-owned subsidiary of CMIC, and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, each of the Park Design Service Arrangement and the PC Design Service Arrangement under the Framework Agreement II constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the EPC Service Arrangement and the Park Design Service Arrangement are both capital in nature which involve different aspects in the construction of a technology park and CMDCD is a direct wholly-owned subsidiary of CMDCT, the EPC Service Arrangement and the Park Design Service Arrangement require aggregation under Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the estimated maximum values of the EPC Service Arrangement under Framework Agreement I and the Park Design Service Arrangement under Framework Agreement II over the term of the Framework Agreements exceed 5% but are less than 25%, the EPC Service Arrangement and the Park Design Service Arrangement constitute (i) connected transactions of the Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and (ii) discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Supply Arrangement is of revenue nature and one or more of the applicable percentage ratios in respect of the Proposed Supply Arrangement Annual Cap exceed 5%, the contemplated transaction under the Supply Arrangement constitutes a continuing connected transaction which is subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as the PC Design Service Arrangement is of revenue nature and the highest applicable percentage ratios in respect of the Proposed PC Design Service Arrangement Annual Cap is more than 0.1% but less than 5%, the contemplated transaction under the PC Design Service Arrangement constitutes a continuing connected transaction which is only subject to the annual review, reporting and announcement requirements and is exempted from the independent shareholders' requirement under Chapter 14A of the Listing Rules.

Property Leasing Agreement

CM Technology is an indirect wholly-owned subsidiary of CMIC, and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions under the Property Leasing Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the continuing connected transactions under the Property Leasing Agreement is more than 0.1% but less than 5%, the contemplated transaction under the Property Leasing Agreement constitutes a continuing connected transaction which is only subject to the annual review, reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will convene the SGM for the purpose of considering and approving the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap). A circular containing, among others, (i) further information on the terms of the Framework Agreements; (ii) the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in connection with the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap); (iii) the letter of advice from the Independent Financial Adviser containing its advice in connection with the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap); and (iv) a notice convening the SGM, is currently expected to be despatched to the Shareholders on or before 24 April 2019.

If the Independent Shareholders' approval for the Framework Agreements are not obtained at the SGM, the transactions as contemplated under the Framework Agreements will not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares or any other securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 3 April 2019:

- (i) the Company and CMDCT entered into the Framework Agreement I in relation to (i) the EPC Service Arrangement and (ii) the Supply Arrangement;
- (ii) the Company and CMDCD entered into the Framework Agreement II in relation to (i) the Park Design Service Arrangement and (ii) the PC Design Service Arrangement; and

(iii) CM Changsha, an indirect non wholly-owned subsidiary of the Company, and CM Technology entered into the Property Leasing Agreement pursuant to which CM Changsha shall lease to CM Technology (or its subsidiaries) the properties within the Changsha technology park for the purpose of usage as office premises, staff dormitories, finished production warehouses, test plants and prefabricated components manufacturing plants and provide to CM Technology (or its subsidiaries) certain ancillary services.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT I

Date of Contract: 3 April 2019

Parties: (1) the Company; and
(2) CMDCT

Term: For a term commencing from the approval date of the Framework Agreement I by the Independent Shareholders and ending on 31 December 2019. The Framework Agreement I may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

Provision of Services: (1) Pursuant to the EPC Service Arrangement, upon selection of the CMDCT Group through the selection or bidding process arranged by the Group, CMDCT agreed to provide, or procure its subsidiaries to provide, EPC general contracting services to the Group for the development of the Group's technology parks in the PRC.

EPC service is a form of arrangement where the EPC contractor is made responsible for all activities from procurement, construction, commission and handover of the technology parks to the Company.

Each time when the Group selects a contractor for the construction of a technology park, the Group will consider the quotation from the CMDCT Group and compare it with the market price expected to be charged or offered by other service providers in the relevant local market. The Group believes that the pricing of other EPC services providers are, in general, transparent to customers and can be obtained through making enquiries with market participants. Where the construction timetable of the relevant technology park permits, the Group may also invite price quotations from at least two other independent EPC services suppliers for review and comparison purposes. The Group will contract with the CMDCT Group pursuant to the Framework Agreement I if the price quoted by the CMDCT Group in respect of the EPC services in the relevant local market is lower than, or within the range of, the market price to be charged or offered by other independent third parties in the same local market.

- (2) Pursuant to the Supply Arrangement, upon selection of the Group through the bidding process arranged by the CMDCT Group, the Company agreed to supply, or procure its subsidiaries to supply, prefabricated construction components and products to the CMDCT Group for its construction projects engaged by third party developers or contractors.

Please refer to the paragraph headed “Pricing” below for the procedures and criteria generally adopted for determining the price to be quoted by the Group to the CMDCT Group.

Pricing:

- (1) Pursuant to the EPC Service Arrangement, the contractual price for EPC general contracting services to be provided by the CMDCT Group to the Group should be determined with reference to the estimated costs of a construction project plus a profit margin and management fee of not more than 5% of the construction costs. In principle, the contractual price for EPC general contracting services should not exceed RMB2,600 per square metre (including tax). The CMDCT Group further undertakes to the Company that the contractual price for EPC general contracting services to be quoted by the CMDCT Group will not be higher than the market rate within the industry.

- (2) Pursuant to the Supply Arrangement, the integrated unit price of the prefabricated construction components and products to be supplied by the Group to the CMDCT Group should be the prevailing market price of each unit and the price quotation to be provided by the Group should be determined with reference to the estimated costs of each unit plus a profit margin of not more than 10% of the unit cost. In principle, the integrated unit price should not exceed RMB3,000 per cubic metre (including tax).

The marketing department of the Group will assess and determine the proposed sale price of the prefabricated construction components as quoted by the Group to CMDCT Group with reference to (i) the market price range of such units as charged by the largest supplier in the relevant locality, (ii) a comparison of the quality and standard of those prefabricated construction components, and (iii) the demand for such components in the market at the relevant time. As the Supply Arrangement is a continuing connected transaction, the marketing department will also review and assess if such price quoted by the Group is no less favourable to the Group than those offered to other independent customers, taking into account the difference in the quality and standard of the prefabricated construction units and the development of long term business relationship of the Group. The general manager responsible for the business segment of supplying the prefabricated construction components will make the final decision in setting the price.

Payment arrangement: The Framework Agreement I provides that the details of the payment mechanism for all fees and payments due to the Group or the CMDCT Group pursuant to the EPC Service Arrangement or the Supply Arrangement should be specified in each specific service or supply contract to be entered into by the relevant parties.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT II

Date of Contract: 3 April 2019

Parties: (1) the Company; and
(2) CMDCD

Term: For a term commencing from the approval date of the Framework Agreement II by the Independent Shareholders and ending on 31 December 2019. The Framework Agreement II may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

Provision of Services: (1) Pursuant to the Park Design Service Arrangement, upon selection of CMDCD through the selection or bidding process arranged by the Group, CMDCD agreed to provide design services to the Group in respect of the design of the Group's technology parks in the PRC.

Each time when the Group selects a contractor for the design of a technology park, the Group will consider the quotation from CMDCD and compare it with the market price expected to be charged or offered by other service providers in the relevant local market. The Group believes that the pricing of other design services providers are, in general, transparent to customers and can be obtained through making enquiries with market participants. Where the construction timetable of the relevant technology park permits, the Group may also invite price quotations from at least two other independent design services providers for review and comparison purposes. The Group will contract with CMDCD pursuant to the Framework Agreement II if the price quoted by CMDCD in respect of the design services in the relevant local market is lower than, or within the range of, the market price to be charged or offered by other independent third parties in the same local market.

(2) Pursuant to the PC Design Service Arrangement, upon selection of CMDCD through the selection or bidding process arranged by the Group, CMDCD agreed to provide design services in respect of the design of prefabricated construction components and products sold by the Group.

Each time when the Group selects a contractor for the design of prefabricated construction components and products, the Group will consider the quotation from CMDCD and compare it with the market price expected to be charged or offered by other service providers in the relevant local market. The Group believes that the pricing of other design services providers are, in general, transparent to customers and can be obtained through making enquiries with market participants. Where the prefabricated construction components and products production timetable permits, the Group may also invite price quotations from at least two other independent design services providers for review and comparison purposes. The Group will contract with CMDCD pursuant to the Framework Agreement II if the price quoted by CMDCD in respect of the product design services in the relevant local market is lower than, or within the range of, the market price to be charged or offered by other independent third parties in the same local market.

Pricing:

- (1) Pursuant to the Park Design Service Arrangement, the contractual price for the design services to be provided by CMDCD to the Group should be determined with reference to the estimated costs of the design services plus a profit margin and management fee of not more than 5% of the design costs. In principle, the contractual price for park design services should not exceed RMB25 per square metre (including tax). CMDCD further undertakes to the Company that the contractual price for park design services to be quoted by CMDCD will not be higher than the market rate within the industry.
- (2) Pursuant to the PC Design Service Arrangement, the contractual price for the design services in respect of the design of the prefabricated construction components and products to be sold by the Group to third parties should be determined with reference to the estimated costs of the design services plus a profit margin and management fee of not more than 5% of the design costs. In principle, the contractual price for product design services should not exceed RMB70 per cubic metre (including tax). CMDCD further undertakes to the Company that the contractual price for product design services to be quoted by CMDCD will not be higher than the market rate within the industry.

Payment arrangement: The Framework Agreement II provides that the details of the payment mechanism for all fees and payments due to CMDCD pursuant to the Park Design Service Arrangement or the PC Design Service Arrangement should be specified in each specific service or supply contract to be entered into by the relevant parties.

PRINCIPAL TERMS OF THE PROPERTY LEASING AGREEMENT

Date of Contract: 3 April 2019

Landlord: CM Changsha

Tenant: CM Technology

The respective leased premises may be used by the CM Technology Group Entities.

Premises: Properties within the Changsha technology park

Leasing and ancillary services: Pursuant to the Property Leasing Agreement, CM Changsha agreed to (i) lease to the relevant CM Technology Group Entity the office premises, staff dormitories, finished production warehouses, test plants and prefabricated components manufacturing plants, and (ii) provide to the same the ancillary services including the supply of heating, hot water and the provision of technology park maintenance services (“**Leasing and Ancillary Services Arrangement**”)

Term of the lease: The period commencing from the approval date of the Property Leasing Agreement by the Independent Shareholders to 31 December 2019 (both days inclusive)

Leased area: 21,118.88 square metres in total

Fees payable: The total amount of fees payable by CM Technology on behalf of the CM Technology Group Entities to CM Changsha is calculated by reference to the leased area used by each CM Technology Group Entity and comprise of two components, namely (i) rental and (ii) service fees in respect of ancillary services provided by CM Changsha, including the supply of heating, the supply of hot water and the provision of technology park maintenance services.

The breakdown of the monthly fees payable by reference to each usage of the leased premises is as follows:

Usage of leased premises	Total amount of monthly fee per square metre of leased area <i>(in RMB)</i>	Breakdown of total monthly fee	
		Monthly rental per square metre of leased area <i>(in RMB)</i>	Monthly service fee per square metre of leased area <i>(in RMB)</i>
Office premises	127.69	90	37.69
Staff dormitories	28.27	24	4.27
Finished production warehouses	36.67	30	6.67
Test plants	73.41	60	13.41
Prefabricated components manufacturing plants	24.74	24.74	0

The breakdown of the total amount of monthly fees payable by reference to the total leased area with respect to each usage of the leased premises is as follows:

Usage of leased premises	Total leased area <i>(in per square metre)</i>	Total monthly fees <i>(in RMB)</i>
Office premises	5,608.32	716,126.38
Staff dormitories	4,190.99	118,479.29
Finished production warehouses	2,465.15	90,397.06
Test plants	4,246.42	311,729.69
Prefabricated components manufacturing plants	<u>4,608.00</u>	<u>114,016.10</u>
Total:	<u><u>21,188.88</u></u>	<u><u>1,350,748.50</u></u>

The rentals and service fees under the Property Leasing Agreement have been determined by CM Technology and CM Changsha after arm's length negotiation with reference to the comparable rental in the relevant market under a normal commercial lease for a term of two to three years as set out in the valuation report on rental appraisal prepared by an independent valuation firm. The total amount of fees payable by CM Technology on behalf of the CM Technology Group Entities to CM Changsha for the entire lease term will be calculated based on the following formula:

$$\text{RMB1,350,748.50} \times (\text{N} + \text{M})$$

where N = the number of clear calendar months elapsed during the term of Property Leasing Agreement

M = the actual number of days elapsed in the first month of the term of the Property Leasing Agreement (approval date inclusive) over 30 days

Payment arrangement: CM Technology on behalf of the CM Technology Group Entities shall pay to CM Changsha the fees payable under the Property Leasing Agreement on a quarterly basis. CM Changsha shall issue an invoice to CM Technology in the amount of fees payable before the 15th day of the month following the end of a quarter, and CM Technology shall make the payment before the 22nd day of the same month.

Other fees payable: Other utilities charges, including water, electricity, repair and maintenance charges, shall be charged on actual incurred basis.

THE PREVIOUS FRAMEWORK AGREEMENT

On 2 May 2018, the Company entered into the Previous Framework Agreement with CMDCT in relation to the EPC Service Arrangement and the Supply Arrangement. The principal terms of the Previous Framework Agreement were set out in the announcement of the Company dated 2 May 2018.

In respect of the Supply Arrangement, the Company was required to set an annual cap over the term of the Previous Framework Agreement. The actual realised transaction amounts in 2018 and the annual cap in relation to the Supply Arrangement under the Previous Framework Agreement are set out below:

Under the Previous Framework Agreement	Actual realised amounts (RMB)	Annual cap (RMB)
Supply Arrangement	126.48 million	300 million

ESTIMATED TRANSACTION VALUES UNDER THE FRAMEWORK AGREEMENTS AND THE PROPERTY LEASING AGREEMENT

Supply Arrangement under Framework Agreement I

In respect of the Supply Arrangement under the Framework Agreement I, the Company is required under Rule 14A.53 of the Listing Rules to set an annual cap over the term of the Framework Agreement I. Accordingly, such Proposed Supply Arrangement Annual Cap has been determined to be RMB300 million (equivalent to approximately HK\$347.75 million). The value of each transaction under the Supply Arrangement will, when it is entered into, be determined according to the pricing mechanism set out in the Framework Agreement I as described above.

EPC Service Arrangement under the Framework Agreement I and Park Design Service Arrangement under Framework Agreement II

In respect of the EPC Service Arrangement under the Framework Agreement I, the Company estimates that the maximum value of the transactions under the EPC Service Arrangement over the term of the Framework Agreement I may reach RMB250 million (equivalent to approximately HK\$289.79 million). The value of each transaction under the EPC Service Arrangement will, when it is entered into, be determined according to the pricing mechanism set out in the Framework Agreement I as described above.

In respect of the Park Design Service Arrangement under the Framework Agreement II, the Company estimates that the maximum value of the transactions under the Park Design Service Arrangement over the term of the Framework Agreement II may reach RMB6 million (equivalent to approximately HK\$6.95 million). The value of each transaction under the Park Design Service Arrangement will, when it is entered into, be determined according to the pricing mechanism set out in the Framework Agreement II as described above.

As the EPC Service Arrangement and the Park Design Service Arrangement are both capital in nature which involve different aspects in the construction of a technology park and CMDCD is a direct wholly-owned subsidiary of CMDCT, the EPC Service Arrangement and the Park Design Service Arrangement require aggregation under Rule 14.22 of the Listing Rules.

For details of the implications of the Listing Rules, please refer to the section headed “**LISTING RULES IMPLICATIONS**”.

PC Design Service Arrangement under the Framework Agreement II

In respect of the PC Design Service Arrangement under the Framework Agreement II, the Company is required under Rule 14A.53 of the Listing Rules to set an annual cap over the term of the Framework Agreement II. Accordingly, such Proposed PC Design Service Arrangement Annual Cap has been determined to be RMB9 million (equivalent to approximately HK\$10.43 million). The value of each transaction under the PC Design Service Arrangement will, when it is entered into, be determined according to the pricing mechanism set out in the Framework Agreement II as described above.

In arriving at (i) the Proposed Supply Arrangement Annual Cap, (ii) the estimated maximum values of the transactions under EPC Service Arrangement and the Park Design Service Arrangement and (iii) the Proposed PC Design Service Arrangement Annual Cap, the Directors have taken into consideration the following factors (as appropriate):

- (i) in respect of the Supply Arrangement and PC Design Service Arrangement, (a) the expected demand from CMDCT Group for prefabricated construction components in light of the expected number of project undertakings of CMDCT Group which requires prefabricated construction units in 2019; (b) the Group's production capacity for prefabricated construction components; and (c) the maximum selling price of the prefabricated construction components quoted by the Group to CMDCT Group under the Framework Agreement I; and
- (ii) in respect of the EPC Service Arrangement and the Park Design Service Arrangement, (a) the plan of the Group to develop several technology parks in major cities across the PRC in 2019, the aggregate construction area of which during 2019 is expected to be more than 158,000 square metres, and (b) the higher average expected or actual construction price in respect of EPC services to be quoted by independent construction companies to the Group compared to the price quoted by CMDC Group in 2018.

Leasing and Ancillary Services Arrangement

The Company is required under Rule 14A.53 of the Listing Rules to set an annual cap over the value of the annual payment by CM Technology to CM Changsha in respect of the Leasing and Ancillary Services Arrangement pursuant to the Property Leasing Agreement. In arriving at the Proposed Property Leasing Annual Cap, the Directors have taken into account the amounts payable or estimated figures to be paid by CM Technology during the term of the Property Leasing Agreement. Under the Leasing and Ancillary Services Arrangement maximum transaction value for the year ended 31 December 2019 is RMB16,210,000 (equivalent to approximately HK\$18,789,845.8).

The rentals, service fees and other related utility charges under the Property Leasing Agreement have been determined by CM Technology and CM Changsha after arm's length negotiation with reference to the prevailing market rates for comparable properties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS AND THE PROPERTY LEASING AGREEMENT

The Group has been continuously developing technology parks in major cities across the PRC and has completed the fundamental layout in major developed regions in the middle eastern part of the PRC. Due to the demand for business and technological development and requirements, the Group expects that in the current financial year it will continuously develop technology parks, so as to strengthen its industrialised and prefabricated construction capabilities in line with the market trends and the favourable PRC national policy. CMDCT, which engages in property construction and engineering business, has the requisite construction capability and qualification to serve as a competent contractor for constructing the technology parks of the Group. CMDCD, which engages in design business, has the requisite design capability and qualification to serve as a competent contractor for designing the technology parks of the Group as well as the prefabricated components and products requiring design services. The EPC Service Arrangement

contemplated under the Framework Agreement I and the Park Design Service Arrangement and PC Design Service Arrangement contemplated under the Framework Agreement II will thereby enable the Company to leverage on the comparative advantage of the CMDCT Group and CMDCD as general contractors. In addition, the further collaboration between the Company and CMDCT under the Supply Arrangement will enable the Group to fully realise the strategic capability presented by its prefabricated construction business and provide an additional source of income to the Group, which will improve its revenue and profit. By entering into the Framework Agreement I, it will serve as a coherent framework for further cooperation amongst the parties and improve project efficiencies and approval process for such transactions.

In respect of the Property Leasing Agreement, given that some premises in the Changsha technology park are vacant, when the Group chooses to better utilise its resources and lease its properties, it selects tenants based on its internal evaluation and selection procedures taking into account various factors, such as quality of the tenants and relationship with such tenants.

The Board (excluding the independent non-executive Directors, whose views will be provided after taking into account the advice of the Independent Financial Adviser, and the Over-lapping Director) is of the view that (except in respect of PC Design Service Arrangement and the Property Leasing Agreement):

- (i) the terms and conditions of the Framework Agreements are on normal commercial terms which are fair and reasonable;
- (ii) the Proposed Annual Caps (except in respect of the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap) are fair and reasonable; and
- (iii) the Framework Agreements and the transactions contemplated thereunder were entered into and will be conducted in the ordinary and usual course of business of the Company and its subsidiaries, and are in the interest of the Company and the Shareholders as a whole.

The Board (including the independent non-executive Directors) is of the view that, in respect of PC Design Service Arrangement and the Property Leasing Agreement only:

- (i) the terms and conditions of the Framework Agreement II and the Property Leasing Agreement are on normal commercial terms which are fair and reasonable;
- (ii) the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap is fair and reasonable; and
- (iii) the Framework Agreement II and the Property Leasing Agreement and the transactions contemplated thereunder were entered into and will be conducted in the ordinary and usual course of business of the Company and its subsidiaries, and are in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

The Company was incorporated as an exempted company with limited liability in Bermuda and is listed on the Stock Exchange. It is an investment holding company with subsidiaries principally engaged in prefabricated construction business and property investment in the PRC.

CMDCT

CMDCT was incorporated in the PRC and it is an indirect wholly-owned subsidiary of CMIC.

The principal business of CMDCT includes real property construction and decoration, installation of mechanical and electrical equipment, construction of base foundation and infrastructure.

CMDCD

CMDCD was incorporated in the PRC and it is an indirect wholly-owned subsidiary of CMIC and a direct wholly-owned subsidiary of CMDCT.

The principal business of CMDCD includes real property design and decoration and product design.

CM Changsha

CM Changsha was incorporated in the PRC and it is an indirect wholly-owned subsidiary of CMIC and an indirect non wholly-owned subsidiary of the Company.

The principal business of CM Changsha includes construction industrialisation.

CM Technology

CM Technology was incorporated in the PRC and it is an indirect wholly-owned subsidiary of CMIC.

The principal business of CM Technology includes construction industrialisation.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CMIC, which held approximately 64.05% of the issued share capital of the Company, is the ultimate controlling shareholder, and hence a connected person, of the Company.

Framework Agreements

CMDCT is an indirect wholly-owned subsidiary of CMIC, and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, each of the EPC Service Arrangement and the Supply Arrangement under the Framework Agreement I constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

CMDCD is an indirect wholly-owned subsidiary of CMIC, and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, each of the Park Design Service Arrangement and the PC Design Service Arrangement under the Framework Agreement II constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the EPC Service Arrangement and the Park Design Service Arrangement are both capital in nature which involve different aspects in the construction of a technology park and CMDCD is a direct wholly-owned subsidiary of CMDCT, the EPC Service Arrangement and the Park Design Service Arrangement require aggregation under Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the estimated maximum values of the EPC Service Arrangement under Framework Agreement I and the Park Design Service Arrangement under Framework Agreement II over the term of the Framework Agreements exceed 5% but are less than 25%, the EPC Service Arrangement and the Park Design Service Arrangement constitute (i) connected transactions of the Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and (ii) discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Supply Arrangement is of revenue nature and one or more of the applicable percentage ratios in respect of the Proposed Supply Arrangement Annual Cap exceed 5%, the contemplated transaction under the Supply Arrangement constitutes a continuing connected transaction which is subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as the PC Design Service Arrangement is of revenue nature and the highest applicable percentage ratios in respect of the Proposed PC Design Service Arrangement Annual Cap is more than 0.1% but less than 5%, the contemplated transaction under the PC Design Service Arrangement constitutes a continuing connected transaction which is only subject to the annual review, reporting and announcement requirements and is exempted from the independent shareholders' requirement under Chapter 14A of the Listing Rules.

Property Leasing Agreement

CM Technology is an indirect wholly-owned subsidiary of CMIC, and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions under the Property Leasing Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the continuing connected transactions under the Property Leasing Agreement is more than 0.1% but less than 5%, the contemplated transaction under the Property Leasing Agreement constitutes a continuing connected

transaction which is only subject to the annual review, reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Over-lapping Director has abstained from voting on the relevant resolutions for good corporate governance, as he also serves as a director of certain shareholders and/or subsidiaries of CMIC.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap). The Company has appointed Fortune Financial Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will convene the SGM for the purpose of considering and approving the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap). Shareholders with a material interest in the Framework Agreements and the transactions contemplated thereunder will abstain from voting on the relevant resolution(s) at the SGM.

A circular containing, among others, (i) further information on the terms of Framework Agreements; (ii) the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in connection with the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap); (iii) the letter of advice from the Independent Financial Adviser containing its advice in connection with the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap); and (iv) a notice convening the SGM, is currently expected to be despatched to the Shareholders on or before 24 April 2019.

The exchange rate adopted in this announcement for illustration purpose only is HK\$1 = RMB0.8627.

If the Independent Shareholders' approvals for the Framework Agreements are not obtained at the SGM, the transactions as contemplated under the Framework Agreements will not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares or any other securities of the Company.

DEFINITIONS

“Board”	the board of Directors
“CM Changsha”	Changsha China Minsheng Drawin Intelligent Technology Co., Ltd.* (長沙中民築友智造科技有限公司), an indirect wholly-owned subsidiary of CMIC and an indirect non wholly-owned subsidiary of the Company
“CM Culture”	China Minsheng Drawin Culture Co., Ltd.* (中民築友文創有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of CMIC
“CM New Materials”	China Minsheng Drawin New Materials Co., Ltd.* (中民築友新材有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of CMIC
“CM Property Technology”	China Minsheng Drawin Property Technology Group Co., Ltd.* (中民築友房屋科技集團有限公司), a company established in the PRC and an indirect non wholly-owned subsidiary of CMIC
“CM Technology”	China Minsheng Drawin Technology Industry Co., Ltd.* (中民築友科技產業有限公司), a company established in the PRC and the indirect controlling shareholder of the Company and an indirect wholly-owned subsidiary of CMIC
“CM Technology Group Entities”	CM Technology and the wholly-owned or non-wholly-owned subsidiaries of CM Technology
“CMDCD”	China Minsheng Drawin Construction Design Co., Ltd.* (中民築友建築設計有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of CMIC
“CMDCT”	China Minsheng Drawin Construction Technology Group Co., Ltd.* (中民築友建設科技集團有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of CMIC
“CMDCT Group”	CMDCT and its subsidiaries
“CMIC”	China Minsheng Investment Corp., Ltd.* (中國民生投資股份有限公司), a company established in the PRC and the ultimate controlling shareholder of the Company
“Company”	China Minsheng DIT Group Limited (中民築友智造科技集團有限公司), a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 00726)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction
“EPC Service Arrangement”	the provision of EPC general contracting services by the CMDCT Group to the Group for the development of the Group’s technology parks in the PRC
“Framework Agreement I”	the agreement entered into between the Company and CMDCT on 3 April 2019 in relation to the EPC Service Arrangement and the Supply Arrangement
“Framework Agreement II”	the agreement entered into between the Company and CMDCD on 3 April 2019 in relation to the Park Design Service Arrangement and the PC Design Service Arrangement
“Framework Agreements”	Framework Agreement I and Framework Agreement II
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Jiang Hongqing, Mr. Lee Chi Ming, and Mr. Ma Lishan, established to advise the Independent Shareholders in respect of the Framework Agreements (including the Proposed Annual Caps other than the Proposed PC Design Service Annual Cap and the Proposed Property Leasing Annual Cap and the estimated transaction value under the EPC Service Arrangement and the Park Design Service Arrangement) and the transactions contemplated thereunder

“Independent Financial Adviser”	Fortune Financial Capital Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct type 6 (advising on corporate finance) independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements (including the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement and the Proposed Annual Caps other than the Proposed PC Design Service Annual Cap and the Proposed Property Leasing Annual Cap) and the transactions contemplated thereunder
“Independent Shareholders”	all Shareholders other than the Shareholders with a material interest in the Framework Agreements and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Over-lapping Director”	Mr. Yin Jun
“Park Design Service Arrangement”	the provision of design services by CMDCD to the Group in respect of the design of the Group’s technology parks in the PRC
“PC Design Service Arrangement”	the provision of design services by CMDCD to the Group in respect of the design of prefabricated construction components and products sold by the Group
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Framework Agreement”	the framework agreement entered into between the Company and CMDCT on 2 May 2018 in relation to the EPC service arrangement and the supply arrangement for 2018
“Property Leasing Agreement”	the property leasing agreement entered into between CM Changsha (as the landlord) and CM Technology (as the tenant) dated 3 April 2019 in respect of the leasing of properties within the Changsha technology park
“Proposed Annual Caps”	the Proposed Supply Arrangement Annual Cap, the Proposed PC Design Service Arrangement Annual Cap and the Proposed Property Leasing Annual Cap

“Proposed PC Design Service Arrangement Annual Cap”	the proposed annual cap in respect of the PC Design Service Arrangement over the term of the Framework Agreement II
“Proposed Property Leasing Annual Cap”	the proposed annual cap in respect of the aggregate value for the transactions under the Property Leasing Agreement for 2019
“Proposed Supply Arrangement Annual Cap”	the proposed annual cap in respect of the Supply Arrangement over the term of the Framework Agreement I
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Framework Agreements (including the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement and the Proposed Annual Caps other than the Proposed PC Design Service Annual Cap and the Proposed Property Leasing Annual Cap) and the transactions contemplated thereunder
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supply Arrangement”	the supply of prefabricated construction components and products by the Group to the CMDCT Group for its construction projects engaged by third party developers or contractors

By Order of the Board
China Minsheng DIT Group Limited
Yin Jun
Chairman and Executive Director

Hong Kong, 3 April 2019

As at the date of this announcement, the Board comprises Mr. Yin Jun (Chairman) and Mr. Yang Hongwei as executive directors; Mr. Peng Xiongwen as non-executive director; Mr. Jiang Hongqing, Mr. Lee Chi Ming, and Mr. Ma Lishan as independent non-executive directors.

* For identification purpose only