



China Lumena New Materials Corp.

中国旭光新材料集团有限公司

China Lumena New Materials Corp.

(In Provisional Liquidation)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 67)

Interim Report 2015

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CORPORATE INFORMATION

Board of directors

Executive Directors

Mr. Zhang Zhigang (*Chairman*)
Mr. Zhang Daming (*Chief Executive Officer*)
Mr. Tan Jianyong (Resigned on 19 March 2015)
Mr. Gou Xingwu (Resigned on 13 February 2015)
Mr. Shi Jianping (Appointed on 16 September 2014)
Mr. Au-Yeung Kwong Wah (Appointed on 16 September 2014 and resigned on 27 April 2015)

Independent Non-executive Directors

Mr. Koh Tiong Lu, John (Resigned on 16 June 2015)
Mr. Wong Chun Keung (Resigned on 15 June 2015)
Mr. Xia Lichuan (Resigned on 9 January 2015)
Mr. Au Kin Wah (Appointed on 9 January 2015 and resigned on 15 June 2015)

Company Secretary

Mr. Wong Kui Tong (Resigned on 1 December 2016)

Joint Provisional Liquidators

Mr. Simon Conway (Appointed on 2 August 2016)
Mr. Man Chun So (Appointed on 25 February 2015)
Mr. Yat Kit Jong (Appointed on 25 February 2015)
Mr. David Walker (Appointed on 25 February 2015 and resigned on 2 August 2016)

Members of the Audit Committee

Mr. Koh Tiong Lu, John (*Chairman*)
(Resigned on 16 June 2015)
Mr. Wong Chun Keung (Resigned on 15 June 2015)
Mr. Xia Lichuan (Resigned on 9 January 2015)
Mr. Au Kin Wah (Appointed on 9 January 2015 and resigned on 15 June 2015)

Members of the Nomination Committee

Mr. Wong Chun Keung (*Chairman*)
(Resigned on 15 June 2015)
Mr. Koh Tiong Lu, John (Resigned on 16 June 2015)
Mr. Tan Jianyong (Resigned on 19 March 2015)

Members of the Remuneration Committee

Mr. Au Kin Wah (Appointed as Chairman on 9 January 2015 and resigned on 15 June 2015)
Mr. Xia Lichuan (Resigned on 9 January 2015)
Mr. Wong Chun Keung (Resigned on 15 June 2015)
Mr. Zhang Zhigang

Members of the Compliance Committee

Mr. Koh Tiong Lu, John (*Chairman*)
(Resigned on 16 June 2015)
Mr. Zhang Daming
Mr. Wong Chun Keung (Resigned on 15 June 2015)

Independent Auditor

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman
KY1-1108, Cayman Islands

Registered Office

c/o PwC Corporate Finance & Recovery (Cayman) Limited
PO Box 258, 4th Floor
18 Forum Lane
Grand Cayman
Cayman Islands
KY1-1104

Headquarters and Principal Place of Business in Hong Kong

22/F., Prince's Building, Central, Hong Kong
(moved from Offices Nos. 6810-6811, 68th Floor, The Center, 99 Queen's Road Central, Hong Kong with effect from 1 August 2016)

Stock Code

67

China Lumena New Materials Corp. (In Provisional Liquidation) (the "Company") herein presents its report together with the unaudited financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 (the "Reporting Period").

BUSINESS AND FINANCIAL REVIEW

Appointment of the joint provisional liquidators and the Winding-Up Hearing

On 23 January 2015, Mega International Commercial Bank Co., Ltd. presented a winding-up petition to the Grand Court of the Cayman Islands (the "Grand Court") for the winding-up of the Company. On 27 January 2015, a summons was filed with the Grand Court seeking the appointment of liquidators to the Company.

At the hearing on 25 February 2015, the Grand Court handed down the Court Order appointing Mr Man Chun So, Mr Yat Kit Jong and Mr David Walker as the joint provisional liquidators of the Company together with another Order adjourning the hearing of the Winding Up Petition to 26 May 2015. At the adjourned hearing on 26 May 2015, the Winding Up Petition was further adjourned to a date to be fixed.

On 2 August 2016, the Grand Court made a further order releasing Mr David Walker from the obligation to perform any further duties in his capacity as joint provisional liquidator and replacing him with Mr Simon Conway.

Upon the appointment of the joint provisional liquidators of the Company (the "Provisional Liquidators") and pursuant to the powers conferred to the Provisional Liquidators in the Order, the Provisional Liquidators have sought to obtain information, books and records of the Company from relevant parties including the directors and key employees of the Company, banks and auditors as well as from site visits to the offices and operations in Hong Kong and the People's Republic of China ("the PRC").

The Provisional Liquidators have sought to identify and secure any assets of the Company including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the directors and seeking to transfer bank balances to the Provisional Liquidators' designated accounts.

Restructuring of the Company

Suspension of trading in shares of the Company

Trading in the shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended with effect from 10:56 a.m. on 25 March 2014.

First Resumption Conditions

On 20 November 2014, the Stock Exchange informed the Company that the following resumption conditions (the "First Resumption Conditions") have been imposed on the Company to proceed with the resumption of trading in the shares of the Company:

- (a) publish an announcement addressing the allegations of Glaucus Report by Glaucus Research Group and Emerson Report by Emerson Analytics Co., Ltd., and disclosing all material information that is necessary for the market to appraise the Company's latest operating and financial position;
- (b) publish all outstanding financial results required by Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and address any audit qualifications; and
- (c) demonstrate that the Company has sufficient operations or value of assets under Rule 13.24 of the Listing Rules.

The Company is also required to comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. The Stock Exchange may modify any of the above and/or impose further conditions if the situation changes.

First delisting stage

On 16 March 2015, according to the letter from the Stock Exchange dated 13 March 2015, the Stock Exchange decided to place the Company in the first delisting stage under Practice Note 17 of the Listing Rules as the Stock Exchange considers that the Company is unable to maintain a sufficient level of operations or assets required under Rule 13.24 to support a continued listing.

The first delisting stage expired on 12 September 2015. The Company was required to submit a viable resumption proposal addressing all the resumption conditions at least 10 business days before the expiry of the first delisting stage. The proposal must be clear, plausible and coherent, and contain sufficient details (including forecasts and a clear plan for future business development) for the Stock Exchange's assessment. The Company must demonstrate that it has a business of substance and that the business model is viable and sustainable. The proposal should also comply with the Listing Rules and all applicable laws and regulations.

In addition to the Resumption Conditions published on 26 November 2014, the Stock Exchange has imposed Further Resumption Conditions for the resumption of trading in the shares of the Company on the Stock Exchange, being to:

- (a) demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its Listing Rule obligations; and
- (b) have the winding up petition against the Company withdrawn or dismissed and the Provisional Liquidators discharged.

Second delisting stage

On 25 September 2015, the Company announced that as no resumption proposal had been submitted before the expiry date of the first delisting stage, the Stock Exchange accordingly decided to place the Company in the second delisting stage commencing on 17 September 2015 pursuant to Practice Note 17 of the Listing Rules. The second delisting stage expired on 16 March 2016. The Company was required to provide a viable resumption proposal at least 10 business days before the second delisting stage expires (i.e. 1 March 2016) to:

- (a) demonstrate that the Company has sufficient operations or value of assets under Rule 13.24;
- (b) address the allegations of the reports published by Glaucus Research Group and Emerson Analytics Co., Ltd. and disclose all material information;
- (c) publish all outstanding financial results and address any audit qualifications;
- (d) demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its Listing Rule obligations; and
- (e) withdraw or dismiss the winding up petition and discharge of the Provisional Liquidators.

Third delisting stage

On 8 April 2016, the Company announced that as no resumption proposal had been submitted before the expiry date of the second delisting stage, the Stock Exchange decided to place the Company in the third delisting stage pursuant to Practice Note 17 of the Listing Rules. The third delisting stage commenced on 8 April 2016 and will expire on 7 October 2016.

The resumption proposal to be submitted should demonstrate sufficient operations or assets as required under Rule 13.24 and to have the winding up petition against the Company withdrawn or dismissed and the Provisional Liquidators discharged.

The Company must also:

- (a) address the alleged irregularities mentioned in the reports published by Glaucus Research Group and Emerson Analytics Co., Ltd. and inform the market of material information;
- (b) publish all outstanding financial results and address any audit qualifications; and
- (c) demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Listing Rules.

Proposed Restructuring of the Company

On 23 September 2016, the Company entered into a restructuring framework agreement (the "Restructuring Framework Agreement") with independent third parties (the "Investors"), pursuant to which the Company will implement a restructuring of the Company's equity and debt ("Proposed Restructuring").

Pursuant to the Restructuring Framework Agreement, the Company will carry out the Proposed Restructuring which comprises: (i) the Capital Reorganisation; (ii) the Creditors Schemes; (iii) the Open Offer; (iv) the Subscription; (v) the Acquisition; (vi) Reverse Takeover; and (vii) Whitewash Waiver.

Following the entering into of the Restructuring Framework Agreement, the Company submitted the resumption proposal to the Stock Exchange before the expiry of the third delisting stage to seek resumption of trading of the Company's Shares. On 24 October 2016, the Company received a letter of even date from the Stock Exchange, which stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the resumption proposal (but not any other proposal) on or before 31 March 2017. If the Company fails to submit a new listing application by 31 March 2017, or the transactions proposed in the resumption proposal fail to proceed for any reason, the Stock Exchange will proceed with cancelling the Company's listing on the Stock Exchange.

On 31 March 2017, a new listing application has been submitted to the Stock Exchange.

Financial Review

As noted in the financial statement disclosures, due to the incomplete books and records and serious doubts over the reliability of the Group's accounting and other records, the Provisional Liquidators are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. As such, the information below has been presented to the best knowledge of the Provisional Liquidators based on information made available to them to date. The Interim Financial Statements are unaudited but have been reviewed by the Independent Auditor.

Revenue and Gross Profit

The Group generated no revenue and no gross profit for the six months ended 30 June 2015 (six months ended 30 June 2014: nil). There was RMB21,422.3 million loss on deconsolidation of unconsolidated subsidiaries for the six months ended 30 June 2015 (six months ended 30 June 2014: nil). Loss before income tax was RMB21,563.1 million for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB160.5 million).

Liquidity and Financial Resources

As at 30 June 2015, bank and cash balances of the Group were approximately RMB6.0 million (as at 31 December 2014: RMB5,128.3 million).

The Group's gearing ratio (measured as total borrowings over total assets) as at 30 June 2015 was 92,614.2% (as at 31 December 2014: 28.1%).

Based on the information available to the Provisional Liquidators, as at 30 June 2015, certain of the Group's bank borrowings were secured by the corporate guarantees granted by the Company.

Assets and Liabilities

As at 30 June 2015, the Group had total assets of approximately RMB7.0 million (as at 31 December 2014: RMB23,607.7 million) and total liabilities of RMB6,782.2 million (as at 31 December 2014: RMB8,061.0 million). The net liabilities of the Group as at 30 June 2015 were RMB6,775.2 million (net assets as at 31 December 2014: RMB15,546.7 million).

Charges on Group Assets

There is insufficient information available to the Company to ascertain whether there are any charged assets at a Group level as at 30 June 2015.

Reserves

There is insufficient information for the Company to ascertain whether there are any reserves available for distribution as at 30 June 2015.

Capital Commitments

Based on the information available to the Provisional Liquidators, the Group and the Company did not have any significant capital commitments as at 30 June 2015.

Contingent Liabilities

There is insufficient information available to the Company to ascertain whether the Group and the Company had any significant contingent liabilities as at 30 June 2015.

Employees

There is insufficient information available to the Company to ascertain the number of employees of the Group as at 30 June 2015.

Dividends

Based on the information available to the Provisional Liquidators, no dividend was declared for the six months ended 30 June 2015.

Purchase, Sale or Redemption of Listed Securities of the Company

Due to the limitation of incomplete books and records, the Provisional Liquidators were unable to ascertain whether the Company has any purchase, sale or redemption of listed securities for the six months ended 30 June 2015.

Foreign Currency Exposure

Based on the information available to the Provisional Liquidators, the Group and the Company did not use any foreign currency derivative product to hedge the exposure to currency risk for the six months ended 30 June 2015.

Outlook/Prospect

The Provisional Liquidators, with the assistance of their professional advisers, have submitted a resumption proposal and a new listing application to the Stock Exchange.

The resumption proposal when successfully implemented, will achieve the following:

- All the existing assets of the Group are transferred to the Scheme Company or the Scheme Administrators pursuant to the terms of the Creditors Schemes, as agreed by the Creditors, for realization for the benefits of the Creditors;
- All the liabilities of the Company are fully discharged under the Creditors Schemes;
- In order to fulfill the minimum public float requirement, the Investors will enter into a placing agreement with an independent third party for the placing of not less than 5% of the issued share capital of the Enlarged Group. Subsequent to the aforesaid placement, the Investors will own approximately 75% of the issued share capital of the Enlarged Group, the Subscribers will own approximately 10% of the issued share capital of the Enlarged Group and existing shareholders as a whole and the Underwriter to the Open Offer will own approximately between 5% to 10% and approximately between 0% to 5% of the issued share capital of the Enlarged Group respectively depending on the extent of the acceptance of the Open Offer;
- Upon the grant of the Whitewash Waiver by the Securities and Futures Commission ("SFC"), the Investors will not be required to make a mandatory general offer for all the issued shares of the Company pursuant to Rule 26.1 of the Takeovers Code;
- The company will wholly own the target Group which is in the business of building materials with a successful track record that meets the new listing requirements of the Stock Exchange; and
- The Provisional Liquidators will be discharged; following the Stock Exchange approving resumption of trading of the Shares and the New Shares on the Stock Exchange.

Accordingly, all the resumption conditions imposed by the Stock Exchange will be met.

For the benefit of the Shareholders and the Creditors as a whole, the Company seeks the Stock Exchange's approval for the implementation of the new listing application, such that trading in the Shares can be resumed for the benefits of all the Shareholders, especially the minority Shareholders.

OTHER INFORMATION

Directors' interests in contracts

To the best knowledge of the Provisional Liquidators and the available information to the Provisional Liquidators, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

Directors' interests in competing businesses

To the best knowledge of the Provisional Liquidators and the available information to the Provisional Liquidators, during the period ended 30 June 2015 and up to the date of this report, the Provisional Liquidators are not aware of any Director considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Interests and short positions of directors in the shares, underlying shares and debentures of the company and its associated corporations

As at 30 June 2015, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules (the "Model Code") are listed as follows:

Long positions in share options of the Company

Under the pre-IPO share option scheme adopted pursuant to the written resolutions of the Shareholders dated 30 April 2008 (the "Pre-IPO Share Option Scheme")

Name of Director	Date of grant	Number of Shares subject to the share options	Exercise price
Mr. Zhang Daming	30 April 2008	4,218,000	HK\$2.00
Mr. Gou Xingwu	30 April 2008	953,000	HK\$2.00

Under the share option scheme adopted pursuant to the written resolutions of the Shareholders dated 26 May 2009 (the "Share Option Scheme")

Name of Director	Date of grant	Number of Shares subject to the share options	Exercise price
Mr. Zhang Zhigang	14 January 2011	7,600,000	HK\$3.28
	14 July 2011	12,000,000	HK\$3.01
Mr. Zhang Daming	28 July 2009	10,000,000	HK\$3.59
	14 July 2011	12,000,000	HK\$3.01
Mr. Gou Xingwu	14 July 2011	9,000,000	HK\$3.01
Mr. Tan Jianyong	14 January 2011	6,000,000	HK\$3.28
	14 July 2011	9,000,000	HK\$3.01

Save as disclosed above, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 362 of the SFO, or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Note:

The information above is based on the latest public information and the available books and records of the Company. No representation is made by the Company as to the accuracy and completeness of the information.

Substantial Shareholders' Interests in the Share Capital of the Company

As at 30 June 2015, based on the information available to the Provisional Liquidators, the Shareholders, other than the Directors or the chief executive of the Company, who had registered any interest or short position in the shares or the underlying shares representing 5% or more of the nominal value of shares comprised in the relevant share capital of the Company, as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity and nature of interest	Number of shares	Approximate percentage of shareholding as at 30 June 2015
Mr. Suo Lang Duo Ji	Interest of a controlled corporation	1,875,846,510	33.53%
Ascend Concept Technology Limited ("Ascend")	Beneficial Owner	1,068,445,707	19.09%
Rich Pass International Ltd.	Interest of a controlled corporation	1,068,445,707	19.09%
Nice Ace Technology Limited ("Nice Ace")	Beneficial Owner	807,396,731	14.43%

Note:

- (1) Under the provisions of the SFO, Mr. Suo Lang Duo Ji is deemed to have an interest in 1,875,846,510 Shares of which 1,068,445,707 shares are shares held by Ascend (a company incorporated in the BVI and a wholly owned subsidiary of Rich Pass International Ltd of which its entire share capital is owned by Mr. Suo Lang Duo Ji) and 807,396,731 shares are shares held by Nice Ace Technology Limited (a company incorporated in the BVI of which its entire share capital is owned by Mr. Suo Lang Duo Ji) respectively.

Save as disclosed above, as at 30 June 2015, so far as is known to the Directors or the chief executive of the Company, no other person (who is not a Director or the chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under Section 336 of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

The information above is based on the latest public information and the available books and records of the Company. No representation is made by the Company and the Provisional Liquidators as to the accuracy and completeness of the information.

Compliance with Non-Competition Undertaking

On 28 May 2009, Mr. Suo Lang Duo Ji (the ultimate controlling Shareholder) and Nice Ace (the then controlling Shareholder which is wholly owned by Mr. Suo Lang Duo Ji) executed in favour of the Company, a deed of noncompetition undertaking (the "Non-competition Undertaking").

Under the Non-competition Undertaking, each of Mr. Suo Lang Duo Ji and Nice Ace undertakes to the Company (for itself and for the benefit of its subsidiaries), among others, that he or it would not, and would procure that his or its affiliates (except any members of the Group) would not, during the validity of the Non-competition Undertaking, directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of the Group from time to time. The information above is based on the latest public information and the available books and records of the Company. No representation is made by the Company and the Provisional Liquidators as to the accuracy and completeness of the information.

SHARE OPTIONS

Based on the information available to the Provisional Liquidators, the Company has adopted the Pre-IPO Share Option Scheme on 30 April 2008 and the Share Option Scheme on 26 May 2009.

On the basis that the relevant books and records are incomplete, no representation is made by the Provisional Liquidators and the Company as to the completeness, existence, rights and obligations, and valuation of the share option outstanding as at 30 June 2015 for the Company as of the date of publication of these unaudited condensed consolidated interim financial statements.

A. Pre-IPO Share Option Scheme

Pursuant to a written resolution approved by the Company's shareholders on 30 April 2008, the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") became effective. Certain executive directors, senior managerial staff and employees of the Group were granted options to recognise their contributions to the Group. Under the Pre-IPO Share Option Scheme, 198 individuals (the "Grantees") comprised of 3 directors, 7 senior managerial staff and 188 employees of the Group, were granted options conditionally. The exercise of the options would entitle the Grantees to purchase an aggregate of 76,000,000 shares of the Company immediately following completion of the global offering and the capitalisation issue at the offer price. The options vested on 16 June 2009, the date on which the shares of the Company were listed on the Stock Exchange (the "Listing Date"), and the Grantees remain in employment for a certain period of time. The options are exercisable by instalments and up to 7 years since the Listing Date. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares. The Group would receive HKD1.00 for each grant under the Pre-IPO Share Option Scheme. The fair value of the options is determined using the Binomial Option Pricing Model that takes into account factors specific to the share incentive plans. The following table lists the inputs to the model used:

Expected volatility*	47.88%
Risk-free interest rate	2.544%
Dividend yield	3.93%
Expected life of option	7 years
Fair value at grant date	HKD0.51 – HKD0.59
Exercise price at the date of grant	HKD1.659

* The expected volatility is assumed based on the historical volatilities of the share prices of the comparable companies. It is assumed that the volatility is constant throughout the option life.

B. Share Option Scheme

In order to comply with the Listing Rules of Main Board regarding share option scheme of a Company, a share option scheme (the "Share Option Scheme") was adopted by the Company on 26 May 2009.

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who work for the interest of the Group. Eligible participants of the Share Option Scheme include executive directors, non-executive directors, employees, consultants, advisers and other service providers. The Share Option Scheme became effective on 26 May 2009 and, unless otherwise cancelled or amended will remain in force for 10 years from that date.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise price of the share options must be at least the highest of (1) the nominal value of an ordinary share on the date of grant; (ii) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the share options; and (iii) the average closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five trading days immediately preceding the date of the offer.

The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The share options vest upon the commencement of the exercise period which is determined by the Company at the date of grant. The grantees are entitled to exercise the share options upon fulfilment of all requirements set out in the Share Option Scheme.

Compliance with the Code on Corporate Governance Practices

On 25 February 2015, the Provisional Liquidators were appointed by the Grand Court to, among others, take control and possession of the assets and books and records of the Company. As certain books and records of the Company could not be located, the corporate governance report was prepared in accordance with the best knowledge and the limited information available to the Provisional Liquidators.

The Company appeared to comply, based on the limited information available to the Provisional Liquidators, with the principles (the "Principles") and code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") stipulated by the Stock Exchange in Appendix 14 of the Listing Rules, except for the following:

- Code Provision A.2.7 of the CG Code states that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of the executive directors. Based on the limited information available to the Provisional Liquidators, the Provisional Liquidators are unable to ascertain whether the meeting was held during the Reporting Period.
- Pursuant to the Listing Rules 3.10(1) and (2), and 3.10A, an issuer must include at least three independent non-executive directors, with at least one of the independent non-executive directors having appropriate professional qualifications or accounting or related financial management expertise, and the number of independent non-executive directors must represent at least one-third of the Board. Based on the information available to the Provisional Liquidators, following the resignation of Mr. Xia Lichuan on 9 January 2015, Mr. Koh Tiong Lu, John on 16 June 2015, Mr. Wong Chun Kueng and Mr. Au Kin Wah on 15 June 2015, the number of independent non-executive directors on the Board is nil as at 30 June 2015 and the date of this Report.
- Pursuant to the Listing Rules 3.21, the audit committee should comprise non-executive directors only. Based on the information available to the Provisional Liquidators, following the resignation of Mr. Xia Lichuan on 9 January 2015, Mr. Koh Tiong Lu, John on 16 June 2015, Mr. Wong Chun Kueng and Mr. Au Kin Wah on 15 June 2015, the audit committee is vacant as at 30 June 2015 and the date of this Report.

Directors' securities transactions

Due to the limitation of incomplete books and records, the Provisional Liquidators were unable to ascertain whether the Company has adopted the Model Code for Securities Transactions of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions during the Reporting Period.

Based on the information made available to the Provisional Liquidators, the Provisional Liquidators were not able to confirm whether all directors of the Company have complied with, or whether there has been any non-compliance with, the required standards set out in the Model Code.

Audit Committee

Mr. Xia Lichuan resigned from the Board on 9 January 2015 and Mr. Au Kin Wah ("Mr. Au") was appointed as the replacing Independent Non-Executive Directors and the member of the AC. Subsequent to the appointment of the Provisional Liquidators, Mr. Koh, Mr. Wong and Mr. Au have resigned from the Board on 16 June 2015, 15 June 2015 and 15 June 2015 respectively and ceased to act as the members of the AC with effect from the same dates. As a result, the AC is vacant as at 30 June 2015 and the date of this Report. Therefore, this report was not reviewed by the audit committee and this does not comply with the requirements of the CG Code and Listing Rules.

Due to the limitation of incomplete books and records, the above information was disclosed based on the information available to the Provisional Liquidators and the Provisional Liquidators were unable to ascertain the accuracy and completeness of such information.

Remuneration Committee

As at 30 June 2015, the Remuneration Committee ("RC") comprises Mr. Zhang Zhigang.

Mr. Xia resigned from the Board on 9 January 2015 and Mr. Au was appointed as the replacing Independent Non-Executive Directors and the member of the RC. Subsequent to the appointment of the Provisional Liquidators, both Mr. Wong and Mr. Au have resigned from the Board on 15 June 2015 and ceased to act as the members of the RC with effect from the same date. Mr. Zhang is the only member of the RC as at 30 June 2015 and the date of this Report.

Due to the limitation of incomplete books and records, the above information was disclosed based on the information available to the Provisional Liquidators and the Provisional Liquidators were unable to ascertain the accuracy and completeness of such information.

Nomination Committee

Subsequent to the appointment of the Provisional Liquidators, Mr. Wong, Mr. Koh and Mr. Tan resigned from the Board on 15 June 2015, 16 June 2015 and 19 March 2015 respectively and ceased to act as the members of the NC with effect from the same dates. As a result, the NC is vacant as at 30 June 2015 and the date of this Report.

Due to the limitation of incomplete books and records, the above information was disclosed based on the information available to the Provisional Liquidators and the Provisional Liquidators were unable to ascertain the accuracy and completeness of such information.

Internal Control

The Compliance Committee ("CC") and the AC of the Company are responsible for monitoring the effectiveness of the internal control of the Company. Based on the information available, the Provisional Liquidators are unable to confirm whether both the CC and the AC have performed their duties diligently in accordance with their terms of reference (if any) during the Reporting Period.

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF CHINA LUMENA NEW MATERIALS CORP. (IN PROVISIONAL LIQUIDATION)**
(incorporated in the Cayman Islands with limited liability)

We were engaged to review the interim financial information set out on pages 15 to 32 which comprise the condensed consolidated statement of financial position of China Lumena New Materials Corp. (In Provisional Liquidators) (the "Company") and its subsidiaries together (the "Group") as at 30 June 2015, and the related condensed consolidated statement of comprehensive income and condensed consolidated statement of changes in equity for the six-month period then ended and other explanatory information.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors and provisional liquidators are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Because of the matters described in the basis for disclaimer of conclusion paragraphs, however, we were not able to obtain sufficient appropriate evidence as a basis of expressing a conclusion on the interim financial information.

Basis for disclaimer of conclusion

Scope limitation due to incomplete books and record

Up to the date of this report, given the incomplete books and records and serious doubts over the reliability of the Group's accounting and other records, the provisional liquidators of the Company acting as agents of the Company (without liability and recourse) (the "Provisional Liquidators") believe that it is almost impossible, and not practical, to ascertain the correct revenue and profit or loss (and the resultant assets and liabilities) for the current period for inclusion in the interim financial information of the Group. Also, due to incomplete books and records, the Provisional Liquidators of the Company could not prepare the unaudited condensed consolidated statement of cash flows and calculate the diluted earnings per share for the six months ended 30 June 2014 and they believe that it is almost impossible, and not practical, to verify the interim financial information of the Group for the past years and in particular, prior to the appointment of the Provisional Liquidators on 25 February 2015. We were therefore unable to carry out satisfactory procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and disclosures of the transactions, contingent liabilities and commitments of the Group for the year ended 31 December 2014 and period ended 30 June 2015.

Given these circumstances, which are more fully disclosed in note 1 to the unaudited condensed consolidated interim financial statements, there were no practicable procedures that we could perform to satisfy ourselves that the information and documents presented to us for the purpose of our review are complete and accurate in all material respects, nor to quantify the extent of adjustments that might be necessary in respect of the Group's unaudited interim financial information.

Any adjustments found to be necessary in respect thereof had we obtained sufficient appropriate evidence would have had a consequential effect on the net assets of the Group as at 1 January 2015 and 30 June 2015, and on its loss for the periods ended 30 June 2015 and 2014, and the related disclosures thereof in the unaudited condensed consolidated interim financial statements.

Non-compliance with IFRSs and omission of disclosures

As explained in note 1 to the unaudited condensed consolidated interim financial statements, as the unaudited condensed consolidated interim financial statements of the Group have been prepared by the former management of the Company and the Provisional Liquidators have presented these financial statements based on incomplete books and records, the Provisional Liquidators believe it is almost impossible and not practicable to ascertain the correct amounts for the six months ended 30 June 2015 and 2014 and prepare the consolidated statement of cash flows and calculate the diluted earnings per share for the six months ended 30 June 2014. Consequently, the Provisional Liquidators of the Company were unable to confirm that the unaudited condensed consolidated interim financial statements comply with IFRSs, or that the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited have been complied with. Given these circumstances, which are more fully described in note 1, there were no practicable procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Group's interim financial information.

Investments in unconsolidated subsidiaries and deconsolidation of subsidiaries

As disclosed in note 6, due to incomplete books and records, the provisional liquidators of the Company have been unable to access the books and records of certain subsidiaries of the Company (collectively referred to as "Unconsolidated Subsidiaries"). Due to the lack of complete books and records of the Unconsolidated Subsidiaries, the provisional liquidators consider that there is insufficient documentation to satisfy the provisional liquidators on control of the Unconsolidated Subsidiaries in accordance with the requirements of International Financial Reporting Standard 10 "Consolidated Financial Statements". Therefore, it is almost impossible, and not practical, to consolidate the financial statements of the Unconsolidated Subsidiaries into the Group's consolidated financial statements since 25 February 2015, the date of the appointment of the provisional liquidators of the Company.

However, no sufficient evidence has been provided to satisfy ourselves as to whether the Company had control of these Unconsolidated Subsidiaries since 25 February 2015 and throughout the six months ended 30 June 2015 and accordingly we have been unable to obtain sufficient reliable evidence to satisfy ourselves as to whether it is appropriate to exclude the Unconsolidated Subsidiaries from the consolidated financial statements and the loss on deconsolidation of unconsolidated subsidiaries.

The exclusion of the financial position and results of the Unconsolidated Subsidiaries in the consolidated financial statements is a departure from the requirements of International Financial Reporting Standard 10 "Consolidated Financial Statements".

Due to the lack of complete books and records of the Unconsolidated Subsidiaries, we were unable to obtain sufficient appropriate evidence and explanations to determine whether the carrying values of the investments in the Unconsolidated Subsidiaries were free from material misstatement. Any adjustments that might have been found to be necessary would have a consequential significant effect on the Group's and the Company's net liabilities as at 30 June 2015 and the Group's results for the period then ended.

Material uncertainty related to going concern basis

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The unaudited condensed consolidated interim financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our conclusion in respect of the material uncertainty relating to the going concern basis of preparation of these unaudited condensed consolidated interim financial statements.

Disclaimer of conclusion

Because of the significance of the matters described in the basis for disclaimer of conclusion paragraphs, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the unaudited condensed consolidated interim financial statements. Accordingly, we do not express a conclusion on the unaudited condensed consolidated interim financial statements.

Other matters

The Provisional Liquidators were appointed on 25 February 2015. The Provisional Liquidators have recovered only limited books and records of the Company and they have used their reasonable endeavours to present the unaudited condensed consolidated interim financial statements based on the information prepared by the former management of the Company available to them to date and based on all available information to the extent provided to them in their capacity as Provisional Liquidators subsequent to their appointment on 25 February 2015 to fulfil the Company's responsibilities for the preparation of the unaudited condensed consolidated interim financial statements in accordance with IFRSs.

Crowe Horwath (HK) CPA Limited

Certified Public Accountants
Hong Kong, 28 July 2017

Chan Wai Dune, Charles

Practising Certificate Number P00712

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Revenue	5	–	–
Cost of sales		–	–
Gross profit		–	–
Loss on deconsolidation of unconsolidated subsidiaries	6	(21,422,272)	–
Other operating expenses		(50,536)	(80)
Finance costs	7	(90,268)	(160,391)
Loss before income tax	8	(21,563,076)	(160,471)
Income tax expense	9	–	–
Loss for the period		(21,563,076)	(160,471)
Loss for the period attributable to owners of the Company		(21,563,076)	(160,471)
		RMB cents	RMB cents
Loss per share for loss attributable to owners of the Company during the period	11		
– Basic		(384.8)	(2.86)
– Diluted		(384.8)	N/A
Loss for the period		(21,563,076)	(160,471)
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss –</i> Exchange gain on translation of financial statements of foreign operations		–	160
Total comprehensive loss for the period, net of tax		(21,563,076)	(160,311)
Total comprehensive loss attributable to owners of the Company		(21,563,076)	(160,311)

The notes on pages 20 to 32 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	1,011	9,734,694
Investment properties	13	–	107,100
Land use rights		–	248,734
Goodwill	14	–	5,737,139
Mining rights		–	298,544
Other intangible assets	15	–	912,493
Deposits and prepayments		–	24,244
Deferred tax assets	20	–	217,850
		1,011	17,280,798
Current assets			
Inventories		–	71,670
Trade and other receivables	16	–	1,126,892
Cash and bank balances		5,959	5,128,335
		5,959	6,326,897
Current liabilities			
Trade and other payables	17	15,042	942,349
Borrowings	18	1,642,916	1,828,148
Convertible bonds	19	1,084,388	1,084,388
Tax payables		–	124,117
		2,742,346	3,979,002
Net current (liabilities)/assets		(2,736,387)	2,347,895
Total assets less current liabilities		(2,735,376)	19,628,693
Non-current liabilities			
Borrowings	18	3,727,903	3,727,903
Deferred tax liabilities	20	311,947	354,045
		4,039,850	4,081,948
Net (liabilities)/assets		(6,775,226)	15,546,745
EQUITY			
Share capital	21	383	383
Reserves		(6,775,609)	15,546,362
Total equity		(6,775,226)	15,546,745

The notes on pages 20 to 32 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital contribution RMB'000	General reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Convertible bonds equity reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
(Unaudited)											
At 1 January 2014	383	10,193,681	5	193,814	103,539	(413,367)	721,199	275,104	39,255	4,678,596	15,792,209
Maturity of the convertible bonds	-	-	-	-	-	-	-	-	(39,255)	39,255	-
Transactions with owners											
Loss for the period	-	-	-	-	-	-	-	-	-	(160,471)	(160,471)
Other comprehensive income											
– Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	-	-	160	-	-	160
Total comprehensive income for the period	-	-	-	-	-	-	-	160	(39,255)	(121,216)	(160,311)
At 30 June 2014	383	10,193,681*	5*	193,814*	103,539*	(413,367)*	721,199*	275,264*	-*	4,557,380*	15,631,898

* The total of these balances represents reserves in the condensed consolidated statement of financial position.

The notes on pages 20 to 32 form an integral part of these financial statements.

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital contribution RMB'000	General reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	(Accumulated loss)/ Retained profits RMB'000	Total equity RMB'000
(Unaudited)										
At 1 January 2015	383	10,193,681	5	193,814	103,539	(413,367)	721,199	275,104	4,472,387	15,546,745
Transactions with owners										
Loss for the period	-	-	-	-	-	-	-	-	(21,563,076)	(21,563,076)
Other comprehensive income										
- Reversal upon deconsolidation of Unconsolidated subsidiaries	-	-	-	-	-	-	(721,199)	(37,696)	-	(758,895)
Total comprehensive loss for the period	-	-	-	-	-	-	(721,199)	(37,696)	(21,563,076)	(22,321,971)
At 30 June 2015	383	10,193,681*	5*	193,814*	103,539*	(413,367)*	-*	237,408*	(17,090,689)*	(6,775,226)

* The total of these balances represents reserves in the condensed consolidated statement of financial position.

The notes on pages 20 to 32 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

2015
RMB'000

Operating activities	
Loss before income tax	(21,563,076)
Loss on deconsolidation of Unconsolidated Subsidiaries	21,422,272
	(140,804)
Changes in working capital	
Decrease in inventories	71,670
Decrease in trade and other receivables	1,126,892
Decrease in trade and other payables	(927,307)
Net cash generated from operating activities	130,451
Investing activities	
Net cash outflows from deconsolidation of Unconsolidated Subsidiaries	(5,067,595)
Net cash used in investing activities	(5,067,595)
Financing activities	
Repayment of borrowings	(185,232)
Net cash used in financing activities	(185,232)
Net decrease in cash and cash equivalents	(5,122,376)
Cash and cash equivalents at 1 January	5,128,335
Cash and cash equivalents at 30 June	5,959

The notes on pages 20 to 32 form an integral part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. GENERAL INFORMATION

China Lumena New Materials Corp. (In Provisional Liquidation) (the "Company") was incorporated in the Cayman Islands on 12 April 2007 as an exempted company with limited liability under the Companies Law of Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The current address of the Company's registered office is located at c/o PwC Corporate Finance & Recovery (Cayman) Limited, PO Box 258, 4th Floor, 18 Forum Lane, Grand Cayman, Cayman Islands, KY1-1104 and its current principal place of business is situated at 22/F., Prince's Building, Central, Hong Kong.

The Company and its subsidiaries (collectively the "Group") are engaged in the following principal activities:

- Manufacturing and selling of polyphenylene sulfide ("PPS") products including PPS resin, PPS fibre and PPS compounds; and
- Processing and selling of powder thenardite, specialty thenardite and medical thenardite.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 (the "Interim Financial Statements") are presented on 28 July 2017 and have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim financial reporting, issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRSs") (which collective term includes all applicable individual International Financial Reporting Standards and Interpretations as approved by the IASB, and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB), and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

The Interim Financial Statements are unaudited, but have been reviewed by Crowe Horwath (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants.

Suspension of trading of the Company's shares

Trading in the shares of the Company has been suspended from trading on the Stock Exchange since 25 March 2014.

Winding up Petition

On 29 January 2015, the board (the "Board") of directors (the "Directors") of the Company received a winding up petition dated 19 January 2015 filed by Mega International Commercial Bank Co., Ltd. (the "Petitioner" or "MICB") against the Company (the "Winding Up Petition") with the Grand Court which was served at the Company's registered office in the Cayman Islands.

It was alleged in the Winding Up Petition that the Company was indebted to and had failed to satisfy the Lenders (as defined below) of such debt in the total sum of US\$89,764,378.88 as at 16 January 2015, comprising the principal amount of a loan of US\$85,000,000 (the "Loan"), accrued unpaid interest thereon of US\$80,436.38 and accrued unpaid default interest thereon of US\$3,883,942.50. Pursuant to the Winding Up Petition, the aforesaid amounts were owed pursuant to a loan agreement dated 22 April 2013 (the "Loan Agreement") entered into by (i) the Company (as borrower), (ii) the Petitioner, Cathay United Bank, China Development Industrial Bank, Ta Chong Bank Ltd., Taipei Fubon Commercial Bank Co., Ltd., Taishin International Bank Co., Ltd., Taiwan Business Bank and Bank of East Asia, Limited (as lenders) (collectively, the "Lenders"), and (iii) the Petitioner (as arranger and agent for the Lenders) in respect of the Loan.

1. GENERAL INFORMATION (Continued)

Winding up Petition (Continued)

Under the Winding Up Petition, the Petitioner sought to wind up the Company and to appoint liquidators.

Appointment of the Provisional Liquidators

On 25 February 2015, Mr. Man Chun So, Mr. Yat Kit Jong and Mr. David Walker were appointed as the Provisional Liquidators of the Company with the power to act jointly and severally pursuant to the Order made by the Grand Court until further notice.

On 2 August 2016, the Grand Court made a further Order releasing Mr David Walker from the obligation to perform any further duties in his capacity as joint provisional liquidator and replacing him with Mr Simon Conway.

Since the appointment, the Provisional Liquidators have been investigating into the affairs of the Group and have taken all necessary actions to preserve the assets. The Provisional Liquidators have recovered limited books and records from the Company's head office principal place of business in Hong Kong. None of the directors of the Company have advised the Provisional Liquidators of the whereabouts of the statutory books and records, or books and records of the Group including the subsidiaries incorporated in the PRC.

Proposed restructuring of the Group

On 23 September 2016, the Company entered into the Restructuring Framework Agreement with the Investors, pursuant to which the Company will implement a restructuring of the Company's equity and debt.

Pursuant to the Restructuring Framework Agreement, the Company will carry out the Proposed Restructuring which comprises: (i) the Capital Reorganisation; (ii) the Creditors Schemes; (iii) the Open Offer; (iv) the Subscription; (v) the Acquisition; (vi) Reverse Takeover; and (vii) Whitewash Waiver.

Following the entering into of Restructuring Framework Agreement, the Company submitted the resumption proposal to the Stock Exchange before the expiry of the third delisting stage to seek the resumption of trading of the Company's shares. On 24 October 2016, the Company received a letter of even date from the Stock Exchange, which stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the resumption proposal (but not any other proposal) on or before 31 March 2017. If the Company fails to submit a new listing application by 31 March 2017, or the transactions proposed in the resumption proposal fail to proceed for any reason, the Stock Exchange will proceed with cancelling the Company's listing on the Stock Exchange.

On 31 March 2017, a new listing application has been submitted to the Stock Exchange.

Proposed Capital Reorganisation

For the Proposed Restructuring, the Company proposes to implement, subject to the approval by the shareholders, the capital reorganisation. The capital reorganisation will comprise the share consolidation, the authorised share capital cancellation and the authorised share capital increase.

Creditors Schemes

Pursuant to the terms of the Restructuring Framework Agreement, it is proposed that the Creditors Schemes will be implemented after approval has been granted by the High Court of Hong Kong (the "High Court"), the Grand Court and the creditors.

Upon completion of the creditors schemes, all the claims of the creditors against the Company, and liabilities of the Company will be discharged and released in full. All existing assets of the Group will be transferred to the scheme company or scheme administrators of the creditors schemes, such that the only assets of the Company will be the target group on completion.

1. GENERAL INFORMATION (Continued)

The Open Offer

Subject to the capital reorganisation becoming effective, the Company will implement the Open Offer of new shares on the basis of one offer share for every new share held on the Open Offer record date by the qualifying shareholders. A total of 560,385,939 offer shares will be allotted and issued by the Company at the offer price of HK\$0.08 cash for each offer share and the gross proceeds raised via the issuance of the offer shares will be approximately HK\$44.8 million. The Open Offer is only available to qualifying shareholders. The Open Offer will be conditional upon completion of the proposed restructuring. The Open Offer will be fully underwritten by an underwriter, being an independent third party and not acting in concert with the Concert Group.

The Subscription

Pursuant to the Restructuring Framework Agreement, the subscribers will subscribe for 1,120,771,878 subscription shares at the price of HK\$0.08 per subscription shares for an aggregate subscription price of HK\$89.7 million.

The Acquisition

Under the Restructuring Framework Agreement, the Company will purchase the sale equity interest from the Investors. Upon the completion of the Acquisition, the target group will become wholly owned subsidiaries of the Company.

The consideration is approximately HK\$717.3 million and was arrived at after arm's length negotiations between the parties to the Restructuring Framework Agreement and was determined by reference to (i) the unaudited combined net asset value of the target group as at 31 December 2015; (ii) the profitability of the target group based on the unaudited financial information of the target group provided by the Investors; (iii) the business prospects of the target group; (iv) the earning multiples of companies engaged in a similar line of business to the target group located in Singapore and Malaysia; and (v) the market leader position and significant presence of the target group in the precast hollow-core concrete wall panel industry in Singapore.

The consideration shall be satisfied by the issuance and allotment of 8,966,175,024 consideration shares at the consideration price of HK\$0.08 each upon the completion of the Acquisition.

The completion of the Subscription, the Acquisition and the Open Offer, which form part of the proposed restructuring, will be inter-conditional upon each other.

Reverse Takeover

The Acquisition constitutes a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules and therefore is subject to the reporting, announcement and shareholders' approval requirements pursuant to the Listing Rules and approval of the new listing application of the Company by the Listing Committee.

Whitewash Waiver

Upon the completion of the Acquisition, the Concert Group will, in aggregate, hold approximately 80.0% of the share capital of the Company after the capital reorganisation and as enlarged by the offer shares, the subscription shares and the consideration shares. As such, the Concert Group would be required to make a mandatory general offer for all the issued shares of the Company (not already owned or agreed to be acquired by the concert group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the SFC. The Investors will make an application to the SFC for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

Further details of the Proposed Restructuring can be found in the announcement made by the Company dated 16 February 2017.

1. GENERAL INFORMATION (Continued)

Incomplete books and records

Due to the limited information available, the Company was unable to obtain sufficient documentary information regarding the completeness of books and records and the treatment of various balances as included in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 and have formed the opinion as follows:

As the unaudited condensed consolidated interim financial statements have been prepared based on the incomplete books and records available to the Company, the Company is unable to represent that all transactions entered into by the Group for the six months ended 30 June 2015 have been properly reflected in the unaudited condensed consolidated interim financial statements. As such, the Provisional Liquidators are also unable to represent as to the completeness, existence and accuracy of identification and the disclosures of the unaudited condensed consolidated interim financial statements in accordance with IFRSs and the disclosure requirements of the Listing Rules. The Provisional Liquidators have recovered only limited books and records of the Company and therefore could not prepare the unaudited condensed consolidated interim statement of cash flows and calculate the diluted loss per share for the six months ended 30 June 2015 and it is almost impossible, and not practical to verify the interim financial information of the Group for the past years.

The Provisional Liquidators have presented in these financial statements the financial information prepared by the Company's former management and based on all available information to the extent provided to them in their capacity as Provisional Liquidators subsequent to their appointment on 25 February 2015. The Provisional Liquidators note that the historical information in respect of the Company prior to such appointment date as provided to them may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position and may contain errors. The Provisional Liquidators provide no assurance for the financial statements, financial position and results contained herein which are presented solely for the purpose of meeting the listing requirements. The Provisional Liquidators do not accept or assume responsibility for these financial statements for any purpose or to any person to whom these financial statements are shown or into whose hands they may come.

Going concern

The Group has received a winding up petition filed by the Petitioner against the Company and it was alleged in the Winding Up Petition that the Company was indebted to and failed to satisfy the Lenders. In preparing these unaudited condensed consolidated interim financial statements, the Company has given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and the ability of the Group and the Company to generate a profit and attain positive cash flows from operations in the immediate and longer term.

Based on the cash flow projections of the Group and having taken into account the assumption that the proposed restructuring of the Company, as mentioned above, will be successfully completed, the Company has concluded that the Group and the Company is able to continue as a going concern and to meet their financial liabilities as and when they fall due in the foreseeable future.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these unaudited condensed consolidated interim financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis except for investment properties which have been measured at fair value.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

3. ADOPTION OF NEW/REVISED IFRSs

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised IFRSs"). The application of the new and revised IFRSs in the current period has no material effect on the amounts reported in the Interim Financial Statements and/or disclosures set out in the Interim Financial Statements.

The Group has not applied early the following new or revised IFRSs that have been issued but are not yet effective.

IFRS 9 (2014)	Financial Instruments ¹
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 11	Accounting for Acquisitions of interests in Joint Operations ³
IFRS 14	Regulatory Deferral Accounts ²
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Lease ⁴
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ³
Amendments to IAS 27 (2011)	Equity Method in Separate Financial Statements ³
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to IAS 1	Disclosure Initiative ³
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs ³

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2016.

⁴ Effective for annual periods on or after 1 January 2019.

The Group has already commenced an assessment of the potential related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the unaudited condensed consolidated interim financial statements will result.

4. SEGMENT INFORMATION

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no disclosure of the segment information was available.

5. REVENUE

The Group's principal activities are disclosed in note 1 to these interim financial statements. Turnover of the Group is the revenue from these activities.

Revenue of the Group represents the net amount received and receivable for goods sold, less value-added tax and returns, during the period.

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue	–	–

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the revenue of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements, and no disclosure of the segment information is available.

6. LOSS ON DECONSOLIDATION OF UNCONSOLIDATED SUBSIDIARIES

As disclosed in note 1, due to incomplete books and records, the Provisional Liquidators of the Company have been unable to access the books and records of certain subsidiaries of the Company (collectively referred to as "Unconsolidated Subsidiaries"). Due to the lack of complete books and records of the Unconsolidated Subsidiaries, the Provisional Liquidators consider that there is insufficient documentation to satisfy the Provisional Liquidators on control of the Unconsolidated Subsidiaries in accordance with the requirements of International Financial Reporting Standard 10 "Consolidated Financial Statements". Therefore it is almost impossible, and not practical, to consolidate the financial statements of the Unconsolidated Subsidiaries into the Group's consolidated financial statements since 25 February 2015, the date of the appointment of the Provisional Liquidators of the Company.

6. LOSS ON DECONSOLIDATION OF UNCONSOLIDATED SUBSIDIARIES (Continued)

	2015 RMB'000
Net assets of the subsidiaries deconsolidated:	
Property, plant and equipment	9,733,683
Investment property	107,100
Land use rights	248,734
Goodwill	5,737,139
Mining rights	298,544
Other intangible assets	912,493
Deposits and prepayments	24,244
Deferred tax assets	217,850
Inventories	71,670
Trade and other receivables	1,108,243
Cash and bank balances	5,093,581
Trade and other payables	(930,399)
Borrowings	(275,500)
Deferred tax liabilities	(42,098)
Tax payable	(124,117)
Net assets deconsolidated	22,181,167
Statutory Reserves released upon deconsolidation of subsidiaries	(721,199)
Translation Reserves released upon deconsolidation of subsidiaries	(37,696)
Loss on deconsolidation of unconsolidated subsidiaries	21,422,272

Note: The amount represented the carrying amount on the consolidated statement of financial position as at 25 February 2015 and the amount being deconsolidated upon the deconsolidation of unconsolidated subsidiaries on 25 February 2015.

Cash and cash equivalents for the purposes of the consolidated statement of cash flows represented the cash outflow of approximately RMB5,067,595,000 upon deconsolidation.

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, occurrence, cut-off, classification and accuracy of the loss on deconsolidation of unconsolidated subsidiaries as of the date of publication of these unaudited condensed consolidated interim financial statements.

7. FINANCE COSTS

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Total finance costs	90,268	160,391

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the finance costs of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements.

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging the following items:

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Staff costs	564	–

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the disclosure of loss before taxation as of the date of publication of these unaudited condensed consolidated interim financial statements.

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Current tax		
– Provision for Enterprise Income Tax (“EIT”)	–	–
Deferred tax	–	–
Income tax expense	–	–

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any taxation under the jurisdiction of Cayman Islands and BVI during the six months ended 30 June 2015 (six months ended 30 June 2014: nil).
- (ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the income tax expenses of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements.

10. DIVIDENDS

The directors do not recommend the payment of dividends during the current interim period (six months ended 30 June 2014: nil).

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the disclosure of dividends as of the date of publication of these unaudited condensed consolidated interim financial statements.

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of approximately RMB21,563,076,000 (six months ended 30 June 2014: loss of RMB160,471,000) and the weighted average number of 5,603,859,393 (six months ended 30 June 2014: 5,603,859,393) ordinary shares in issue during the period.

(b) Diluted loss per share

Diluted loss per share equals to basic loss per share for the six months ended 30 June 2015 because the share options outstanding were anti-dilutive.

On the basis that the relevant books and records are either lost or are incomplete, there is no accurate information to calculate the diluted loss per share for the six months ended 30 June 2014. Therefore, no diluted loss per share is presented.

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the disclosure of loss per share as of the date of publication of these unaudited condensed consolidated interim financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Net carrying amount	1,011	9,734,694

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the property, plant and equipment of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements.

13. INVESTMENT PROPERTIES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Carrying amount at 30 June 2015/ 31 December 2014	–	107,100

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the investment properties of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements.

14. GOODWILL

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Acquisition of PPS business	–	5,737,139
Net carrying amount	–	5,737,139

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the goodwill of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements.

15. OTHER INTANGIBLE ASSETS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Net carrying amount	–	912,493

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the other intangible assets of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements.

16. TRADE AND OTHER RECEIVABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Net carrying amount	–	1,126,892

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the trade and other receivables as of the date of publication of these unaudited condensed consolidated interim financial statements.

17. TRADE AND OTHER PAYABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Net carrying amount	15,042	942,349

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the trade and other payables as the date of publication of these unaudited condensed consolidated interim financial statements.

18. BORROWINGS

As at 30 June 2015, the Group's borrowings were repayable as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Current – Within one year	1,642,916	1,828,148
Non-current	3,727,903	3,727,903
	5,370,819	5,556,051

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the borrowings as of the date of publication of these unaudited condensed consolidated interim financial statements.

19. CONVERTIBLE BONDS AND LOAN COMMITMENT

On 7 April 2011, the Company entered into a subscription agreement (the "Subscription Agreement") with Stable Investment Corporation ("SIC"), a wholly-owned subsidiary of China Investment Corporation and CITIC Capital China Access Fund Limited ("CITIC Capital"). Pursuant to the Subscription Agreement, SIC and CITIC Capital agreed to subscribe for the convertible bonds of the Company in an aggregate principal amount of USD120,000,000 (equivalent to approximately RMB779,229,000) at 6% interest rate per annum (the "Convertible Bonds") with maturity on 12 May 2014 (the "Maturity Date"). In addition, the Company has granted SIC and CITIC Capital an option to subscribe for the additional convertible bonds in an aggregate principal amount of up to USD100,000,000 (the "Additional Convertible Bonds"), exercisable during the period commencing on the date of completion of the subscription for the Convertible Bonds and ending on the first anniversary of such date. The terms and conditions of the Additional Convertible Bonds would be the same as the terms and conditions of the Convertible Bonds as set out in the Subscription Agreement in all respect except for (i) the conversion price and (ii) the first payment of interest. No further bond interest had been accrued after the Maturity Date subject to the negotiation with bondholders.

Interest on the Convertible Bonds is repayable quarterly in arrear on 31 March, 30 June, 30 September and 31 December commencing on 30 September 2011.

19. CONVERTIBLE BONDS AND LOAN COMMITMENT (Continued)

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the Convertible Bonds at 148.15% of its principal amount together with accrued and unpaid interest on the Maturity Date.

The fair value of the liability component of the Convertible Bonds is determined using the prevailing market interest of similar non-convertible debts. The difference between the fair value of the Convertible Bonds and the fair value assigned to the liability component, representing the option for conversion of the Convertible Bonds into equity, is included in equity as convertible bonds equity reserve. The effective interest rate of the liability component is 25.97%.

The carrying amount of the liability and equity components of the Convertible Bonds is set out as below:

	Liability component		Equity component	
	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Carrying amount as at 31 December	1,084,388	1,084,388	–	–

Analysed for reporting purposes as:

	Liability component RMB'000	Equity component RMB'000
As at 30 June 2015 (Unaudited)		
Convertible bonds included in current liabilities	1,084,388	–
Equity component included in convertible bonds equity reserve	–	–
	1,084,388	–
	RMB'000	RMB'000
As at 31 December 2014 (Audited)		
Convertible bonds included in non-current liabilities	1,084,388	–
Equity component included in convertible bonds equity reserve	–	–
	1,084,388	–

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the Convertible Bonds as of the date of publication of these unaudited condensed consolidated interim financial statements.

20. DEFERRED TAX ASSETS/LIABILITIES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Deferred tax liabilities	311,947	354,045
Deferred tax assets	–	(217,850)
	311,947	136,195

As disclosed in note 1, on the basis that the relevant books and records are incomplete, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the deferred tax assets/liabilities of the Group as of the date of publication of these unaudited condensed consolidated interim financial statements.

21. SHARE CAPITAL

	Number of ordinary shares of USD0.00001 each	Nominal value	
		USD	RMB'000
Authorised:			
At 1 January 2014, 31 December 2014 (Audited), 1 January 2015 and 30 June 2015 (Unaudited)	10,000,000,000	100,000	718
Issued and fully paid:			
At 1 January 2014, 31 December 2014 (Audited), 1 January 2015 and 30 June 2015 (Unaudited)	5,603,859,393	56,039	383