

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 2021

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CORPORATE INFORMATION

Board of directors

Executive Directors

Mr. Zhang Zhigang (*Chairman*)

Mr. Zhang Daming (*Chief Executive Officer*)

Mr. Shi Jianping

Company Secretary

NIL

Joint Provisional Liquidators

Mr. Simon Conway

Mr. Man Chun So

Mr. Yat Kit Jong

Members of the Audit Committee

NIL

Members of the Nomination Committee

NIL

Members of the Remuneration Committee

Mr. Zhang Zhigang

Members of the Compliance Committee

Mr. Zhang Daming

Independent Auditor

Crowe (HK) CPA Limited

Certified Public Accountants and Registered Public Interest Entity Auditor

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

Stock Code

67

BUSINESS AND FINANCIAL REVIEW

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 2021 (the "Reporting Period").

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. The Subscription was subsequently cancelled and replaced by the Share Offer pursuant to the amendment letter dated 26 November 2018.

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 was submitted to the Stock Exchange. In accordance with the Listing Rules, the new listing application was required to be re-submitted in the event that a six month period passed following the original submission. As such, seven re-submissions were filed with the Stock Exchange on 16 October 2017, 9 May 2018, 14 November 2018, 22 May 2019, 25 November 2019, 8 June 2020 and 7 May 2021 respectively. In parallel, the Stock Exchange, together with the Securities and Futures Commission (collectively, the "Regulators") issued a number of sets of queries in relation to the new listing application throughout the period from April 2017 to June 2021. The Company, the Investors and all other professional parties have been working closely to address the Regulators' queries and made relevant replies throughout the year of 2017, 2018, 2019, 2020 and the first six months of 2021, and the Circular has been published on 29 November 2019. As of the date of these financial statements, the Regulators have granted in-principle approval to the new listing application.

In consideration of the progress of the Proposed Restructuring and the recent financial performance of the target group, nine amendment letters (the "Amendment Letters") were entered between the Company, the Provisional Liquidators and the Investors on 29 September 2017, 29 December 2017, 27 April 2018, 26 November 2018, 25 April 2019, 29 July 2019, 31 October 2019, 2 June 2020 and 26 March 2021 respectively to extend the Long Stop Date of the Restructuring Framework Agreement, to amend the Open Offer Price, the Subscription Price and the price of the Consideration Shares (from HK\$0.08 to HK\$0.06), to amend the share consolidation ratio from 10 shares to 1 share to 40 shares to 1 share, resulting to an increase of the Open Offer Price, the Subscription Price and the price of the Consideration Shares from HK\$0.06 to HK\$0.24, and to revise the transaction structure, where a Share Offer (details as set out below) will be implemented while the Subscription and the Open Offer were cancelled.

Save as disclosed above, the Restructuring Framework Agreement remains substantially unchanged and in full force and effect in all respects.

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 and/or prepared 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 2021 (six months ended 30 June 2020: nil). Loss before taxation was approximately RMB91.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB98.6 million).

Liquidity and Financial Resources

As at 30 June 2021, bank and cash balances of the Group were approximately RMB5.2 million (as at 31 December 2020: RMB6.8 million).

The Group's gearing ratio (measured as total borrowings over total assets) as at 30 June 2021 was 122,332.8% (as at 31 December 2020: 95,648.9%).

Based on the information available to the Provisional Liquidators, as at 30 June 2021, certain of the Group's bank borrowings were secured by the corporate guarantees granted by the Company.

Assets and Liabilities

As at 30 June 2021, the Group had total assets of approximately RMB6.2 million (as at 31 December 2020: RMB7.8 million) and total liabilities of approximately RMB7,917.6 million (as at 31 December 2020: RMB7,827.4 million). The net liabilities of the Group as at 30 June 2021 were approximately RMB7,911.4 million (net liabilities as at 31 December 2020: RMB7,819.6 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 2021.

Reserves

There is insufficient information for the Company to ascertain whether there are any reserves available for distribution as at 30 June 2021.

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 2021.

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 2021.

Employees

There is insufficient information available to the Company to ascertain the number of employees of the Group as at 30 June 2021.

Dividends

Based on the information available to the Provisional Liquidators, no dividend was declared for the six months ended 30 June 2021.

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 2021.

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 2021.

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 fulfil 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 15% of the issued share capital of the Enlarged Group. Subsequent to the aforesaid placement, the Investors will own approximately 65% of the issued share capital of the Enlarged Group, the new shareholders solicited through the Company's Placing will own approximately 2% of the issued share capital of the Enlarged Group, the new shareholders solicited through the Public Offer will own approximately 8% of the issued share capital of the Enlarged Group and existing shareholders as a whole and the Underwriter to the Preferential 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 Preferential 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 six months ended 30 June 2021 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 2021, 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

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

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 352 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 2021, 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 2021
Mr. Suo Lang Duo Ji	Interest of a controlled corporation	46,896,162	33.53%
Ascend Concept Technology Limited ("Ascend")	Beneficial Owner	26,711,142	19.09%
Rich Pass International Ltd.	Interest of a controlled corporation	26,711,142	19.09%
Nice Ace Technology Limited ("Nice Ace")	Beneficial Owner	20,184,918	14.43%

Note:

- (1) Under the provisions of the SFO, Mr. Suo Lang Duo Ji is deemed to have an interest in 46,896,162 Shares of which 26,711,142 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 20,184,918 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 2021, 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 non-competition 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 2021 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 to 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 2021 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 2021 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 Audit Committee ("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 2021 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 2021, 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 2021 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 2021 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.

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, and taking into account of the incomplete books and records available to the Company (see the section under the header "Incomplete books and records" on page 24 for details), 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.

**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)**Introduction**

We were engaged to review the interim financial information of China Lumena New Materials Corp. (In Provisional Liquidation) (the "Company") and its subsidiaries (together the "Group") set out on pages 16 to 32, which comprise the condensed consolidated statement of financial position as at 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes. 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.

Scope of review

Except as explained in the following paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of this interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for disclaimer of conclusion**Scope limitation due to incomplete books and records**

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) 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 believe that it is almost impossible, and not practical, to verify the 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 sufficient information regarding the completeness, accuracy, existence, valuation, classification and disclosures of the transactions for the six-month periods ended 30 June 2020 and 2021 and as at that dates, the contingent liabilities and commitments of the Group and the Company.

Given these circumstances, which are more fully disclosed in note 1 to the interim financial information, 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 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 liabilities of the Group as at 1 January 2021 and 30 June 2021, and on its loss for the six-month periods ended 30 June 2021 and 2020, and the related disclosures thereof in the interim financial information. This also caused us to disclaim our opinion on the consolidated financial statements in respect of the year ended 31 December 2020.

Material uncertainty related to going concern basis

The interim financial information has 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 interim financial information does 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 related to the going concern basis of preparation of the interim financial information.

Non-compliance with IFRSs and omission of disclosures

As explained in note 1 to the interim financial information, as the interim financial information of the Group have been prepared based on the information provided by the former management of the Company and the Provisional Liquidators have presented the interim financial information based on incomplete books and records, the Provisional Liquidators believe it is almost impossible and not practicable to ascertain the correct amounts. Consequently, the Provisional Liquidators of the Company were unable to confirm that the interim financial information comply with IAS 34, 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 to the interim financial information, 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. This also caused us to disclaim our opinion on the consolidated financial statements in respect of the year ended 31 December 2020.

Investments in unconsolidated subsidiaries and deconsolidation of subsidiaries

As disclosed in note 6 to the interim financial information, 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 lost control of these Unconsolidated Subsidiaries since 25 February 2015 and throughout the year ended 31 December 2020 and six-month periods ended 30 June 2020 and 2021 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 interim financial information and to determine whether any adjustment on the loss on deconsolidation of unconsolidated subsidiaries was necessary.

The exclusion of the financial position and results of the Unconsolidated Subsidiaries in the interim financial information 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 net liabilities as at 30 June 2021 and the Group's results for the period then ended. This also caused us to disclaim our opinion on the consolidated financial statements in respect of the year ended 31 December 2020.

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 interim financial information. Accordingly, we do not express a conclusion on the interim financial information.

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 interim financial information 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 interim financial information in accordance with IAS 34.

Crowe (HK) CPA Limited

Certified Public Accountants
Hong Kong, 30 August 2021

Chan Wai Dune, Charles

Practising Certificate Number P00712

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	5	–	–
Cost of sales		–	–
Gross profit		–	–
Other revenue and gains		–	456
Loss on deconsolidation of unconsolidated subsidiaries	6	–	–
Selling and distribution expenses		–	–
Other operating expenses		(3,254)	(2,056)
Finance costs	7	(88,613)	(96,994)
Loss before taxation	8	(91,867)	(98,594)
Income tax expense	9	–	–
Loss for the period		(91,867)	(98,594)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of financial statements of foreign operations		–	–
Other comprehensive income for the period, net of tax		–	–
Total comprehensive loss for the period		(91,867)	(98,594)
Loss per share	10	RMB	RMB
– Basic and diluted		(0.66)	(0.70)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	1,011	1,011
Investment properties		–	–
Land use rights		–	–
Goodwill		–	–
Mining rights		–	–
Other intangible assets		–	–
Deposits and prepayments		–	–
Deferred tax assets	18	–	–
		1,011	1,011
Current assets			
Inventories		–	–
Trade and other receivables	13	–	–
Cash and bank balances	14	5,171	6,803
		5,171	6,803
Current liabilities			
Trade and other payables	15	43,052	41,430
Borrowings	16	2,750,325	2,661,712
Convertible bonds	17	1,084,388	1,084,388
Tax payable		–	–
		3,877,765	3,787,530
Net current liabilities		(3,872,594)	(3,780,727)
Total assets less current liabilities		(3,871,583)	(3,779,716)
Non-current liabilities			
Borrowings	16	3,727,903	3,727,903
Deferred tax liabilities	18	311,947	311,947
		4,039,850	4,039,850
Net liabilities		(7,911,433)	(7,819,566)
EQUITY			
Share capital	19	383	383
Reserves		(7,911,816)	(7,819,949)
Total deficit		(7,911,433)	(7,819,566)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	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 reserve RMB'000	Translation reserve RMB'000	Accumulated loss RMB'000	Total equity RMB'000
(Unaudited)										
At 1, January 2020	383	10,193,681	5	193,814	103,539	(413,367)	-	237,408	(17,953,495)	(7,638,032)
Loss for the period	-	-	-	-	-	-	-	-	(98,594)	(98,594)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(98,594)	(98,594)
At 30 June 2020	383	10,193,681*	5*	193,814*	103,539*	(413,367)*	-	237,408*	(18,052,089)*	(7,736,626)

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

	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 reserve RMB'000	Translation reserve RMB'000	Accumulated loss RMB'000	Total equity RMB'000
(Unaudited)										
At 1, January 2021	383	10,193,681	5	193,814	103,539	(413,367)	-	237,408	(18,135,029)	(7,819,566)
Loss for the period	-	-	-	-	-	-	-	-	(91,867)	(91,867)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(91,867)	(91,867)
At 30 June 2021	383	10,193,681*	5*	193,814*	103,539*	(413,367)*	-	237,408*	(18,226,896)*	(7,911,433)

* 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 interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Operating activities		
Loss before income tax	(91,867)	(98,594)
Finance cost	88,613	96,994
Loss on deconsolidation of unconsolidated subsidiaries	–	–
	(3,254)	(1,600)
Change in working capital		
Decrease in inventories	–	–
Decrease in trade and other receivables	–	–
Increase in trade and other payables	1,622	1,718
Net cash (used in)/generated from operating activities	(1,632)	118
Financing activities		
Increase in bank borrowings	–	–
Repayment of bank borrowings	–	–
Net cash generated from financing activities	–	–
Net (decrease)/increase in cash and cash equivalents	(1,632)	118
Cash and cash equivalents at 1 January	6,803	6,465
Cash and cash equivalents at 30 June	5,171	6,583

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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”) were engaged in the following principal activities during the period:

- 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 2021 (the “Interim Financial Statements”) 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 “Listing Rules”).

The Interim Financial Statements are unaudited, but have been reviewed by Crowe (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.

The Provisional Liquidators have presented in the Interim Financial Statements based on 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 the Interim Financial Statements for any purpose or to any person to whom the Interim Financial Statements are shown or into whose hands they may come.

Suspension of trading of the Company’s shares

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

1. GENERAL INFORMATION (Continued)

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 of the Cayman Islands (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\$880,436.38 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.

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 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 People's Republic of China (the "PRC").

Proposed Restructuring of the Group

On 23 September 2016, the Company entered into the restructuring framework agreement (the "Restructuring Framework Agreement") with the 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 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.

1. GENERAL INFORMATION (Continued)

Proposed Restructuring of the Group (Continued)

On 31 March 2017, a new listing application was submitted to the Stock Exchange. In accordance with the Listing Rules, the new listing application was required to be re-submitted in the event that a six month period passed following the original submission. As such, seven re-submissions were filed with the Stock Exchange on 16 October 2017, 9 May 2018, 14 November 2018, 22 May 2019, 25 November 2019, 8 June 2020 and 7 May 2021 respectively and the Company will make further re-submission of the new listing application, together with an updated prospectus, to the Stock Exchange shortly. In parallel, the Stock Exchange, together with the Securities and Futures Commission of Hong Kong ("SFC" and collectively, the "Regulators") issued a number of sets of queries in relation to the new listing application throughout the period from 2017 to 2021. The Company, the Investors and all other professional parties have been working closely to address the Regulators' queries and made relevant replies throughout the year of 2017, 2018, 2019, 2020 and the first six months of 2021, and the Circular has been published on 29 November 2019. As of the date of the Interim Financial Statements, the Regulators has granted in-principle approval to the new listing application.

In consideration of the progress of the Proposed Restructuring and the recent financial performance of the target group, nine amendment letters (the "Amendment Letters") were entered between the Company, the Provisional Liquidators and the Investors on 29 September 2017, 29 December 2017, 27 April 2018, 26 November 2018, 25 April 2019, 29 July 2019, 31 October 2019, 2 June 2020 and 26 March 2021 respectively to extend the Long Stop Date of the Restructuring Framework Agreement, to amend the Open Offer Price, the Subscription Price and the price of the Consideration Shares (from HK\$0.08 to HK\$0.06), to amend the share consolidation ratio from 10 shares to 1 share to 40 shares to 1 share, resulting to an increase of the Open Offer Price, the Subscription Price and the price of the Consideration Shares from HK\$0.06 to HK\$0.24, and to revise the transaction structure, where a Share Offer (details as set out below) will be implemented while the Subscription and the Open Offer were cancelled.

Save as disclosed above, the Restructuring Framework Agreement remains substantially unchanged and in full force and effect in all respects.

Capital Reorganisation

For the Proposed Restructuring, the Company proposed to implement, subject to the approval by the shareholders, the capital reorganisation. The capital reorganisation would comprise:

- (i) the Share Consolidation – the consolidation of every forty (40) Shares of US\$0.00001 each into one (1) Consolidated Share of US\$0.0004;
- (ii) the Authorised Share Capital Cancellation – all the existing authorised but unissued shares will be cancelled in its entirety; and
- (iii) the Authorised Share Capital Increase – upon the Authorised Share Capital Cancellation becoming effective, the Company's authorised share capital will be increased from approximately US\$100,000 following completion of the Authorised Share Capital Cancellation and Share Consolidation to US\$2,000,000, divided into 5,000,000,000 New Shares of US\$0.0004 each.

Such Capital Reorganisation was completed on 17 February 2020.

1. GENERAL INFORMATION (Continued)

Creditors Schemes

Pursuant to the terms of the Restructuring Framework Agreement and the Amendment Letters, 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 stakeholders of the Company, including the shareholders and all the creditors of the Company who have a valid claim against the Company as at the date on which the Creditors Schemes become effective. The Creditors Schemes were approved by the Shareholders by way of a poll at the EGM on 23 December 2019, duly approved by the requisite majority of the Creditors on 15 January 2020 and sanctioned by the High Court and the Grand Court on 23 January 2020 and 14 February 2020 respectively.

Upon completion of the Proposed Restructuring and 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.

The Share Offer

Pursuant to the Restructuring Framework Agreement and the Amendment Letters, a share offer (which comprises a public offer, the Company's placing and the Investor's placing) will be implemented in place of the Subscription. The Company conditionally agreed to implement a share offer of 840,578,904 new shares at the price of HK\$0.24. The Share Offer will consist of the offer of 224,156,000 new shares for subscription by the public in Hong Kong, the placing of 140,096,484 new shares offered by the Company to the Qualifying Lumena Shareholders on the basis of one (1) Company Placing Share for every one (1) new share, and the placing of 56,036,968 new shares and 420,289,452 new shares offered by the Company and the Investors respectively to selected professional, institutional and/or other investors (who shall in independent third parties and not existing shareholders) in Hong Kong and elsewhere.

Use of proceeds from the Share Offer

The aggregate gross proceeds receivable by the Company from the Share Offer will amount to approximately HK\$100.8 million. HK\$90 million of such gross proceeds will be paid into the Creditors Schemes. The remaining balance of HK\$10.8 million of such gross proceeds will be used as the working capital of the Enlarged Group, including but not limited to partially settle the Company's professional fees and expenses. Any remaining professional fees and expenses of the Company will be borne by the Investors.

The Acquisition

Under the Restructuring Framework Agreement and the Amendment Letters, 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\$538.0 million and was arrived at after arm's length negotiations between the parties to the Restructuring Framework Agreement and the Amendment Letters and was determined by reference to (i) the combined net asset value of the target group as at 30 June 2017 and the profitability of the target group for the three years ended 31 December 2017; (ii) the earning multiples of companies engaged in similar line of business to the target group located in Singapore and Malaysia; (iii) the business prospects of the target group; (iv) the market leader position and significant presence of the target group in the precast hollow-core concrete wall panel industry in Singapore; (v) the prolonged suspension of trading of shares of the Company; and (vi) the financial performance and financial position of the Group.

The consideration shall be satisfied by the issuance and allotment of 2,241,543,744 consideration shares at the consideration price of HK\$0.24 each upon the completion of the Acquisition.

The completion of the Share Offer and the Acquisition, which form part of the Proposed Restructuring, will be inter-conditional upon each other.

1. GENERAL INFORMATION (Continued)

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 Proposed Restructuring, the Concert Group will, in aggregate, hold approximately 65.0% of the share capital of the Company after the capital reorganisation and as enlarged by the Offer Shares, the Share Offer Shares and the Consideration Shares and after the completion of share placement to maintain sufficient public float. 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 Hong Kong Codes on Takeover (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.

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 Interim Financial Statements for the six months ended 30 June 2021 and have formed the opinion as follows:

As the 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 2021 have been properly reflected in the Interim Financial Statements. As such, the Provisional Liquidators of the Company are also unable to represent as to the completeness, existence and accuracy of identification and the disclosures of the 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 it is almost impossible, and not practical to verify the financial information of the Group.

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 the Interim Financial Statements, and taking into account of the incomplete books and records available to the Company (see the preceding section under the header "Incomplete books and records" for details), 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 the Interim Financial Statements.

2. PRINCIPAL ACCOUNTING POLICIES

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

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3

The Interim Financial Statements contain unaudited condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2020 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to the Interim Financial Statements for the current accounting period:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

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	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
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 the Interim Financial Statements and no disclosure of the disaggregate of revenue from contracts with customers is available.

6. LOSS ON DECONSOLIDATION OF UNCONSOLIDATED SUBSIDIARIES

As disclosed in note 1, due to incomplete books and records, the Provisional Liquidators have been unable to access the books and records of the 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 IFRS 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.

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, classification of the loss on deconsolidation of unconsolidated subsidiaries of the Group as of the date of publication of the Interim Financial Statements.

7. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Total finance costs	88,613	96,994

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 the Interim Financial Statements.

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following items:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Staff costs (including directors’ remunerations)	1,876	1,810

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 the Interim Financial Statements.

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current tax		
– Provision for Enterprise Income Tax (“EIT”)	–	–
Deferred tax	–	–
Total 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 2021 (six months ended 30 June 2020: 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 2021 (six months ended 30 June 2020: 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 the Interim Financial Statements.

10. 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 RMB91,867,000 (six months ended 30 June 2020: loss of RMB98,594,000) and the weighted average number of 140,096,484 (six months ended 30 June 2020: 140,096,484) 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 2021 and 2020 because the share options outstanding were anti-dilutive.

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 the Interim Financial Statements.

11. DIVIDENDS

The directors do not recommend the payment of dividends during the current interim period (six months ended 30 June 2020: 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 the Interim Financial Statements.

12. PROPERTY, PLANT AND EQUIPMENT

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Net carrying amount	1,011	1,011

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 the Interim Financial Statements.

13. TRADE AND OTHER RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade and other receivables	18,649	18,649
Less: Loss allowance	(18,649)	(18,649)
Net carrying amount	–	–

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 the Interim Financial Statements.

14. CASH AND BANK BALANCES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cash and bank balances as stated in the condensed consolidated statement of financial position	5,171	6,803

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 cash and bank balances as of the date of publication of the Interim Financial Statements.

15. TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Net carrying amount	43,052	41,430

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 of the date of publication of the Interim Financial Statements.

16. BORROWINGS

As at 30 June 2021, the Group's borrowings were repayable as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current		
– Within one year	2,750,325	2,661,712
Non-current	3,727,903	3,727,903
	6,478,228	6,389,615

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 the Interim Financial Statements.

17. CONVERTIBLE BONDS

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.

17. CONVERTIBLE BONDS (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. Based on the information available to the Company, there is no information in relation to the redemption, conversion, purchase or cancellation of the Convertible Bonds.

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

	Liability component		Equity component	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Carrying amount	1,084,388	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 the Interim Financial Statements.

18. DEFERRED TAX ASSETS/LIABILITIES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Net deferred tax liabilities	311,947	311,947

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 the Interim Financial Statements.

19. SHARE CAPITAL

	Par value USD	Number of ordinary shares	Nominal value	
			USD	RMB'000
Authorised:				
At 1 January 2020	0.00001	10,000,000,000	100,000	718
Share consolidation (note (a))		(9,750,000,000)	–	–
Unissued shares cancellation (note (b))	0.0004 0.0004	250,000,000 (109,903,516)	100,000 (43,961)	718 (316)
Increase authorised shares (note (b))	0.0004 0.0004	140,096,484 4,859,903,516	56,039 1,943,961	402 13,580
At 31 December 2020, 1 January 2021 and 30 June 2021 (unaudited)	0.0004	5,000,000,000	2,000,000	13,982
Issued and fully paid:				
At 1 January 2020	0.00001	5,603,859,393	56,039	383
Share consolidation (note (a))		(5,463,762,909)	–	–
At 31 December 2020, 1 January 2021 and 30 June 2021 (unaudited)	0.0004	140,096,484	56,039	383

Notes:

- (a) Pursuant to an ordinary resolution passed by shareholders at the special general meeting held on 23 December 2019, the share consolidation of every forty issued and unissued shares of US\$0.00001 each into one consolidated share of US\$0.0004 each became effective on 17 February 2020 (the "Share Consolidation").
- (b) Pursuant to an ordinary resolution passed by shareholders at the special general meeting held on 23 December 2019 and with effective on 17 February 2020, all the existing authorised but unissued shares were cancelled in its entirety and the Company's authorised share capital was increased from approximately US\$100,000 following completion of the authorised share capital cancellation and share consolidation to US\$2,000,000, divided into 5,000,000,000 new shares of US\$0.0004 each.

20. POSSIBLE IMPACT OF AMENDMENTS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2021

Up to the date of issue of the Interim Financial Statements, the IASB has issued a number of amendments which are not yet effective for the six months ended 30 June 2021 and which have not been adopted in the Interim Financial Statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, Reference to Conceptual Framework	1 January 2022
Amendments to IFRS 16, Property, Plant and Equipment	1 January 2022
– Proceeds before Intended use	
Amendments to IAS 37, Onerous Contracts	1 January 2022
– Cost of fulfilling a Contract	
Amendments to IFRSs, Annual improvements to IFRSs 2018-2020	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements for the year ending 31 December 2021.