CECEP COSTIN NEW MATERIALS GROUP LIMITED (IN PROVISIONAL LIQUIDATION)

中國節能海東青新材料集團有限公司(臨時清盤中)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2228)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "**Board**") of directors (the "**Directors**") of CECEP COSTIN New Materials Group Limited (In Provisional Liquidation) (the "**Company**") announces the consolidated results (the "**Result Announcement**") of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 (the "**Reporting Period**") and consolidated financial position as at 30 June 2017 with comparative figures for the corresponding period of previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017
(Expressed in Renminbi)

	Note	Six months ended 30 June **2017** *RMB'000* **(unaudited)**	2016 *RMB'000* (unaudited)
Turnover		**–**	646,548
Cost of goods sold		**–**	(460,591)
Gross profit		**–**	185,957
Other income		**30**	7,140
Distribution expenses		**–**	(5,378)
Administrative expenses		**(8,742)**	(20,844)
Loss on disposal of subsidiaries	*4*	**–**	(8,681)
(Loss) /profit from operations		**(8,712)**	158,194
Finance costs	*5*	**(4,933)**	(8,282)
(Loss) /profit before tax		**(13,645)**	149,912
Income tax expense	*6*	**–**	(30,247)
(Loss) /profit for the period attributable to owners of the Company		**(13,645)**	119,665
Other comprehensive income/(loss) after tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**5,684**	(2,386)
Total comprehensive (loss)/income for the period attributable to owners of the Company		**(7,961)**	117,279
(Loss) /earnings per share	*7*		
Basic		**RMB(0.59) cents**	RMB5.14 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017
(Expressed in Renminbi)

	Note	**30 June 2017** *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**9**	–
Current assets			
Prepayments, deposits and other receivables		**2,686**	2,146
Due from an unconsolidated subsidiary	*8*	**–**	13,203
Bank and cash balances		**5,014**	1,794
		7,700	17,143
TOTAL ASSETS		**7,709**	17,143
EQUITY AND LIABILITIES			
Share capital	*9*	**196,409**	196,409
Reserves		**(350,687)**	(342,726)
Total deficit		**(154,278)**	(146,317)
Current liabilities			
Accruals and other payables		**6,049**	2,781
Due to unconsolidated subsidiaries	*8*	**1,475**	1,500
Bank loans		**154,463**	159,179
		161,987	163,460
TOTAL DEFICIT AND LIABILITIES		**7,709**	17,143

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in Renminbi)

1 GENERAL INFORMATION

CECEP COSTIN New Materials Group Limited (In Provisional Liquidation) (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The current address of the Company's registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, KY1-1205, Cayman Islands and its current principal place of business is situated at 22nd Floor, Prince's Building, Central, Hong Kong.

Alleged misappropriation of funds

On 22 August 2016, the Company announced that it was alleged that certain funds of a subsidiary of the Company in The People's Republic of China (the "**PRC**") had been misappropriated by Mr. Chim Wai Kong (the "**Misappropriation**"). Mr. Chim Wai Kong was an executive director and co-chairman of the Company at that time and subsequently resigned as an executive director of the Company on 11 January 2017.

Following the allegation, a special investigation committee, comprising all three of the then independent non-executive directors of the Company, was established to conduct an inquiry into the alleged Misappropriation. On 30 September 2016, a forensic accounting firm was appointed to conduct a forensic investigation in respect of the alleged Misappropriation. On 3 November 2017, the forensic accounting firm issued a report and the key findings of the investigation as set out in the report are as follows:

(a) There are discrepancies in bank balances, loan balances and external credit facilities between what had been disclosed in the annual reports of the Company and the statements and records received from the banks and credit agencies for the financial years ended 31 December 2014, 2015 and 2016 (up to 31 August 2016);

(b) There are omissions in the Company's annual reports for the financial years ended 31 December 2014 and 2015 in respect of external guarantees provided by the Company's subsidiaries to third parties;

(c) Since 2012, three subsidiaries of the Company have kept two sets of accounting records; and

(d) Unauthorised payments were made from the bank accounts of a subsidiary of the Company to the bank accounts of Mr. Chim Wai Kong and his brother and the then director of the Company, Mr. Chim Wai Shing Jackson, and/or their connected entities between 2012 and 2016.

Listing status of the Company

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). However, trading in shares of the Company on the Stock Exchange has been suspended since 15 August 2016 due to the alleged Misappropriation.

On 14 December 2016, the Stock Exchange placed the Company in the first delisting stage under Practice Note 17 to the Rules Governing the Listing of a Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). As no resumption proposal was submitted to the Stock Exchange before the expiry date of the first delisting stage, the Stock Exchange placed the Company into the second delisting stage commencing on 26 June 2017 and expiring on 25 December 2017. No resumption proposal was submitted to the Stock Exchange again before the expiry date of the second delisting stage, the Stock Exchange placed the Company into the third delisting stage commencing on 24 January 2018 and expiring on 23 July 2018.

On 16 May 2018, the Company and a third-party investor entered into a legally binding restructuring framework agreement for implementation of a restructuring proposal in connection with the restructuring of the Company (the "**Proposed Restructuring**"). The Proposed Restructuring shall include the proposed acquisition by the Company of the target companies which are engaged in property investment in Hong Kong and Taiwan, which will constitute a very substantial acquisition and a reverse takeover involving a new listing application of the Company under the Listing Rules. The Proposed Restructuring shall also include, but not limited to, capital reorganisation, open offer and schemes of arrangement to be made between the Company and its creditors, to satisfy the resumption conditions as laid down by the Stock Exchange.

On 9 July 2018, the Company submitted a resumption proposal to the Stock Exchange which embraces the Proposed Restructuring and contemplates for the resumption of trading in the shares of the Company. On 21 September 2018, 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 28 February 2019.

The new listing application was submitted to the Stock Exchange on 28 February 2019.

Voluntary winding up of a subsidiary and winding up petition against the Company

On 22 February 2017, a wholly owned subsidiary, Gerfalcon Industrial (Nonwoven) Investment Company Limited ("**Gerfalcon Industrial**"), was put into creditors' voluntary winding up after taking into consideration, amongst others, its insolvency and various defaults in repayments of borrowings and bank loans. Gerfalcon Industrial, together with its subsidiaries, accounted for a substantial portion of the Group's operations.

On 2 November 2017, a creditor bank served a winding up petition against the Company (the "**Petition**") as the Company failed to repay a loan of HK$150 million and related interest of HK$8 million. As a result, Mr. Man Chun So, Mr. Yat Kit Jong and Mr. Simon Conway were appointed by the Grand Court of the Cayman Islands as joint provisional liquidators of the Company on 14 November 2017. The hearing of the Petition was adjourned and re-listed for hearing on 16 February 2018 (Cayman Islands Time).

By virtue of the order dated 13 March 2018, the hearing of the Petition was adjourned and re-listed for hearing on 27 September 2018 (Cayman Islands Time), which was subsequently vacated and the hearing of the Petition against the Company has been adjourned without a return date.

2 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2017 has been prepared based on limited books of account and records available to the Company to the extent available to the directors to fulfil the Company's responsibilities for the preparation of interim financial information in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**").

The interim financial information should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2016. Except as described in note 3, the accounting policies applied are consistent with those of the Group's audited consolidated financial statements for the year ended 31 December 2016, as described in those audited consolidated financial statements.

The directors noted that the historical information in respect of the Company that is available to them may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position of the Group and may contain significant errors. Given the findings of the forensic accounting firm in respect of the alleged Misappropriation as mentioned in note 1 and due to limited books of account and records available to the Company and that all the former key personnel responsible for finance and accounting matters of the Group had left, the directors believe that it is almost impossible, and not practicable, to verify the financial information as reported in the Group's unaudited interim financial information and audited consolidated financial statements in respect of the previous years. Accordingly, the comparative financial information shown in this interim financial information only represents such information as reported in the Group's published unaudited interim financial information for the six months ended 30 June 2016 and audited consolidated financial statements for the year ended 31 December 2016 and therefore may not be comparable with the figures for the current period.

Given the findings of the forensic accounting firm in respect of alleged Misappropriation as mentioned in note 1 and due to limited books of account and records available to the Company and that all the former key personnel responsible for finance and accounting matters of the Group had left, the directors believe that it is almost impossible, and not practical, to ascertain the transactions and balances in respect of the six months ended 30 June 2017 included in the interim financial information. In this connection, no representation is made by the directors as to the completeness, existence and accuracy of the transactions and balances in respect of the six months ended 30 June 2017 included in this interim financial information, and whether the interim financial information has been properly prepared in accordance with IAS 34 and in compliance with the disclosure requirements of the Listing Rules.

Due to insufficient financial information, the interim financial information does not contain condensed consolidated statement of cash flows as required by IAS 34, and certain disclosures under IAS 34 and the Listing Rules.

The interim financial information has been prepared on the assumption that the Proposed Restructuring of the Company will be completed and the Group will be able to improve its financial position and business upon completion of the Proposed Restructuring. As at the date of approval of this interim financial information, the directors are not aware of any circumstances or reasons that would likely affect the Proposed Restructuring. Accordingly, the directors considered that it is appropriate to prepare the interim financial information on a going concern basis. The interim financial information does not incorporate any adjustments for possible failure of the Proposed Restructuring and the continuance of the Group as a going concern. Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these adjustments have not been reflected in this interim financial information.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The IASB has issued certain new and revised IFRSs that are first effective for the current period of the Group. The application of the new and revised IFRSs did not result in significant changes to the Group's accounting policies and the presentation of the financial statements amounts reported for both the current and prior periods.

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

4 LOSS ON DISPOSAL OF SUBSIDIARIES

On 6 May 2016, the Group disposed of its 100% equity interest on Gerfalcon International Limited which held 100% equity interest in Gerfalcon Investment Company Limited and COSTIN (Beijing) Technology Consulting Company Limited.

Analysis of loss on disposal of subsidiaries is as follows:

	RMB'000 (unaudited)
Consideration received	37
Less: Net assets disposed of	158
	(121)
Impairment loss on amount due from Gerfalcon International Limited	8,560
Loss on disposal of subsidiaries	(8,681)

On the basis as set out in note 2, no representation is made by the directors as to the completeness, occurrence and accuracy of loss on disposal of subsidiaries.

5 FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expense on bank loans	**4,933**	8,282

On the basis as set out in note 2, no representation is made by the directors as to the completeness, occurrence and accuracy of finance costs.

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
– PRC Enterprise Income Tax	**–**	23,647
Deferred tax	**–**	6,600
	–	30,247

PRC Enterprise Income Tax for six months ended 30 June 2016 was calculated at 25% on the estimated assessable profit for the period.

No provision for Hong Kong Profits Tax is required for the subsidiaries of the Company incorporated in Hong Kong since they have no assessable profits for the six months ended 30 June 2017 and 30 June 2016.

On the basis as set out in note 2, no representation is made by the directors as to the completeness, occurrence and accuracy of income tax expense.

7 (LOSS)/EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) /earnings		
(Loss) /earnings for the purpose of calculating basis earnings per share – (loss)/profit attributable to owners of the Company	**(13,645)**	119,665
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,329,266,000**	2,329,266,000

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary share for the six months ended 30 June 2016 and 30 June 2017.

On the basis as set out in note 2, as the (loss)/profit attributable to owners of the Company may not be accurate, no representation is made by the directors as to the accuracy of the (loss)/earnings per share of the Company.

8 DUE FROM/(TO) UNCONSOLIDATED SUBSIDIARIES

The balances are unsecured, interest-free and repayment on demand.

On the basis as set out in note 2, no representation is made by the directors as to the completeness, existence and accuracy of the balances due from or to unconsolidated subsidiaries.

9 SHARE CAPITAL

	Number of shares	Amount *HK$*	Amount as presented *RMB*
Authorised:			
At 1 January 2016 (audited), 31 December 2016 (audited), 1 January 2017 and 30 June 2017 (unaudited)	4,000,000,000	400,000,000	340,774,000
Ordinary shares, issued and fully paid:			
At 1 January 2016 (audited), 31 December 2016 (audited), 1 January 2017 and 30 June 2017 (unaudited)	2,329,266,000	232,926,600	196,408,906

10 CONTINGENT LIABILITIES

At 30 June 2017, the Company had contingent liabilities in respect of corporate guarantees to the extent of RMB112,928,000 given for the general banking facilities granted to an unconsolidated subsidiary. Due to limited books of account and records available to the Company, the amount of drawdown by the unconsolidated subsidiary under such facilities is not known to the Company.

On the basis as set out in note 2, no representation is made by the directors as to the completeness, existence and accuracy of contingent liabilities.

EXTRACT FROM REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Company's auditor has issued a disclaimer of conclusion on the Group's condensed consolidated financial statements for the six months ended 30 June 2017, an extract of which is as follows:

Scope of review

We planned to conduct our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of 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 International Standards on Auditing issued by the Auditing and Assurance Standards Board 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.

However, because of the matters described in the "Basis for disclaimer of conclusion" section of our report, we were not able to carry out sufficient review procedures to provide a basis for a conclusion on the interim financial information.

Basis for disclaimer of conclusion

(a) Opening balances and comparative figures

As disclosed in note 2 to the interim financial information, the directors noted that the historical information in respect of the Company that is available to them may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position of the Group and may contain significant errors. Given the findings of the forensic accounting firm in respect of the alleged misappropriation of funds of a subsidiary of the Company by a former executive director and co-chairman of the Company, and due to limited books of account and records available to the Company and that all the former key personnel responsible for finance and accounting matters of the Group had left, the directors believe that it is almost impossible, and not practicable, to verify the financial information as reported in the Group's unaudited interim financial information and audited consolidated financial statements in respect of the previous years.

Against this background, we were not able to satisfy ourselves as to whether the net assets of the Group and the Company as at 1 January 2017 were free from material misstatement. Any adjustments to the opening net assets of the Group and of the Company as at 1 January 2017 would affect the Group's profit and cash flows for the six months ended 30 June 2017 and the related disclosures in the interim financial information. In addition, the comparative figures shown in the interim financial information may not be comparable with the figures for the current period ended 30 June 2017.

(b) Limited books of account and records

As disclosed in note 2 to the interim financial information, given the findings of the forensic accounting firm in respect of the alleged misappropriation of funds of a subsidiary of the Company by a former executive director and co-chairman of the Company and due to limited books of account and records available to the Company and that all the former key personnel responsible for finance and accounting matters of the Group had left, the directors believe that it is almost impossible, and not practicable, to ascertain the transactions and balances in respect of the six months ended 30 June 2017 included in the interim financial information. In this connection, no representation is made by the directors as to the completeness, existence and accuracy of the transactions and balances in respect of the six months ended 30 June 2017 included in this interim financial information, and whether the interim financial information has been prepared in accordance with IAS 34 and in compliance with the disclosure requirements of the Listing Rules.

(c) Non-compliance with IAS 34 and omission of disclosures

As explained in note 2 to the interim financial information, the interim financial information has been prepared by the directors based on limited books of account and records available to the Company and the directors believe that it is almost impossible, and not practical, to ascertain the correct amounts. Consequently, the interim financial information does not contain the condensed consolidated statement of cash flows as required by IAS 34 and certain disclosures required under IAS 34 and the Listing Rules. Given these circumstances, there were no practicable review procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the interim financial information.

(d) Going concern basis of accounting

As explained in note 2 to the interim financial information, the interim financial information has been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be completed and the Group will be able to improve its financial position and business upon completion of the proposed restructuring.

The completion of the proposed restructuring is, however, conditional upon, amongst other things, the schemes of arrangement for the restructuring of the Company's indebtedness being accepted by the Company's creditors and approved by the courts in Hong Kong and the Cayman Islands, the relevant approvals being obtained from the shareholders of the Company and other Hong Kong regulatory authorities including The Stock Exchange of Hong Kong Limited and the Hong Kong Securities and Futures Commission, and the resumption of trading in the Company's shares on The Stock Exchange of Hong Kong Limited.

The interim financial information does not incorporate any adjustments that would result from a failure to attain favourable results in respect of the above matters. If the outcome in respect of any of the above matters turns to be unfavourable, the going concern basis might not be appropriate and, in such event, adjustments would have to be made to the interim financial information to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

Disclaimer of conclusion

Because of the significance of the matters described in the "Basis for disclaimer of conclusion" section of our report, we were unable to carry out sufficient review procedures to provide a basis for a conclusion on the interim financial information. Accordingly, we do not express a conclusion on the interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors note that the historical information in respect of the Company that is available to them may not be complete and sufficient to establish an accurate and reliable review of the historical transactions, trading and financial position and may contain significant errors. Given the findings of the forensic accounting firm in respect of the alleged misappropriation of funds of a subsidiary of the Company by a former executive director and co-chairman of the Company (the "**Misappropriation**"), and due to limited books of account and records available to the Company and that all the former key personnel responsible for finance and accounting matters of the Group had left, the Directors believe that it is almost impossible, and not practicable, to verify the financial information as reported in the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017.

Subject to the above, set out below are the management discussion and analysis of the Group's results of operations and financial conditions for the six months ended 30 June 2017. Such information is principally extracted from the unaudited condensed consolidated financial statements of the Company and its subsidiaries to provide information relating to the financial conditions and results of operations of the Group for the six months ended 30 June 2017.

BUSINESS REVIEW

The Group is an investment holding company which principally engaged in the manufacture and sale of non-woven fabrics and other types of non-woven materials prior to the suspension of trading in shares. The Company operated its business through four segments. The non-woven materials segment was engaged in the manufacture and sale of non-woven fabrics and other types of non-woven materials. The recycled chemical fibers segment was engaged in the manufacture and sale of chemical fibers produced from recycled materials. The thermal resistant filtration materials segment was engaged in the manufacture and sale of thermal resistant filtration materials. The tapioca chips trading segment was engaged in the import and export of tapioca chips.

Suspension of trading in shares and the resumption status

Trading in the shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has been suspended with effect from 3: 17 p.m. on 15 August 2016.

On 22 August 2016, the Company announced the Misappropriation by Mr. Chim Wai Kong and Mr. Chim Wai Kong admitted that he had misappropriated certain funds of such PRC subsidiary but refused to disclose further details. As a result of the Misappropriation, the Board was unable to ascertain whether the Group would be able to meet its payment obligations, such as the repayment of bank loans or interest accrued when due.

On 14 December 2016, the Stock Exchange placed the Company in the first delisting stage under Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the Stock Exchange considered, *inter alia*, that the Company was unable to maintain a sufficient level of operations or assets required under Rule 13.24 to support a continued listing.

As no resumption proposal was submitted before the expiry date of the first delisting stage, the Stock Exchange placed the Company into the second delisting stage commencing on 26 June 2017 and expiring on 25 December 2017.

On 2 November 2017, Industrial and Commercial Bank of China (Asia) Limited served a winding up petition and a summons for the appointment of joint provisional liquidators. The summons was heard on 14 November 2017 and the Grand Court of the Cayman Islands (the "**Grand Court**") made an order appointing Mr. Man Chun So, Mr. Yat Kit Jong and Mr. Simon Conway, all of PricewaterhouseCoopers, as the joint provisional liquidators of the Company (the "**Provisional Liquidators**") pursuant to Section 104(1) of the Companies Law of the Cayman Islands.

No resumption proposal was submitted before the expiry date of the second delisting stage. The Stock Exchange has placed the Company into the third delisting stage commencing on 24 January 2018 and expiring on 23 July 2018. According to the letter from the Stock Exchange dated 12 January 2018, the Company was required to submit a viable resumption proposal to address the following resumption conditions:

(a) demonstrate sufficient operations or assets under Rule 13.24 of the Listing Rules;

(b) conduct an appropriate investigation on the Misappropriation by Mr. Chim Wai Kong and disclose the findings of the investigation, assess the impact on the Company's financial and operational positions, and take appropriate remedial actions;

(c) have the winding up petitions against the Company (and its subsidiaries), where applicable, withdrawn or dismissed and the Provisional Liquidators discharged;

(d) demonstrate that there is no reasonable regulatory concern about management integrity;

(e) publish all outstanding financial results and address any audit qualifications; and

(f) inform the market about all material information of the Company.

On 9 July 2018, the Company submitted a resumption proposal (the "**Resumption Proposal**") to the Stock Exchange in support of the resumption of trading on the Stock Exchange (the "**Resumption**"). The foundation of the Resumption Proposal was a restructuring agreement which includes the proposed acquisition by the Company of a target group of companies with a focus on the leasing of the residential, commercial, retail and hotel properties in prime areas located in Hong Kong and Taiwan (the "**Target Group**"). The acquisition constitutes a very substantial acquisition and a reverse takeover involving a new listing application of the Company under the Listing Rules.

The Resumption Proposal also sets out detailed plans on satisfying the resumption conditions, including:

(i) proposed acquisition of the Target Group which would satisfy Rule 13.24. Rule 13.24 requires an issuer to carry out directly or indirectly a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to warrant the continued listing of the issuer's securities. On Resumption, the Company will meet the requirements of Rule 13.24 as to operations (proven by the track record profits) and assets (proven by the net assets and their nature);

(ii) the Company has submitted to the Stock Exchange an investigation report on 13 November 2017 and an announcement dated 24 July 2018 was published to disclose the key investigation findings about the Misappropriation. An internal control consultant will be appointed to review the internal control procedures of the Company and the Target Group, which will become the only operating subsidiaries of the Company upon Resumption;

(iii) on approval from the creditors of the creditors schemes and completion of all the transactions contemplated in the Resumption Proposal, the Provisional Liquidators will apply to the courts in the Cayman Islands and Hong Kong for the winding up petitions against the Company and its subsidiaries to be discharged before resumption; and

(iv) all existing Directors of the Company will resign prior to Resumption, and new Directors who are intended to meet the requirements under the Listing Rules will be appointed.

On 21 September 2018, 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 28 February 2019. A new listing application relating to the Resumption Proposal was submitted to the Stock Exchange on 28 February 2019.

Proposed Restructuring

On 16 May 2018, the Company, Pyrrho Management Limited ("**Pyrrho**") and the Provisional Liquidators (collectively the "**Parties**") entered into a the restructuring framework agreement entered into between the Company and Pyrrho on 16 May 2018 (as supplemented by the supplemental agreement entered into on 26 February 2019) in respect of, among other things, the proposed restructuring (the "**Restructuring Agreement**"). Pursuant to the Restructuring Agreement, the Company shall implement the proposed restructuring, which includes, among other things, (i) the capital reorganisation; (ii) the acquisition; (iii) the whitewash waiver; (iv) the open offer; and (v) the creditors schemes.

On 28 February 2019, a new listing application relating to the Resumption Proposal was submitted to the Stock Exchange. As of the date of this results announcement, the Stock Exchange and the Securities and Future Commission (the "**SFC**") are in the process of reviewing the new listing application.

FINANCIAL REVIEW

Overall results

On the basis of incomplete books and records and the books and records available to the Company and Directors, and other factors as disclosed above, for the six months ended 30 June 2017, the Group recorded no revenue, as compared to revenue of approximately RMB646.5 million (equivalent to approximately HK$775.8 million) for the six months ended 30 June 2016. The Group recorded net loss for the six months ended 30 June 2017 of approximately RMB13.6 million (equivalent to approximately HK$16.3 million), as compared to the Group's net profit of approximately RMB119.7 million (equivalent to approximately HK$143.6 million) for the six months ended 30 June 2016.

Liquidity and financial resources

Financial Resources

As at 30 June 2017, the Group reported bank and cash balances of approximately RMB5.0 million (equivalent to approximately HK$6.0 million), which increased by 178% as compared to approximately RMB1.8 million (equivalent to approximately HK$2.2 million) as at 31 December 2016. As at 30 June 2017, the Group's current ratio (current assets to current liabilities) was approximately 4.8%, which decreased by 54.3% as compared to 10.5% as at 31 December 2016.

Indebtedness and Banking Facilities

As at 30 June 2017, the Group reported bank loans of approximately RMB154.5 million (equivalent to approximately HK$185.4 million), which decreased by 3.0% as compared to RMB159.2 million (equivalent to approximately HK$191.0 million) as at 31 December 2016.

As the gearing ratio was calculated based on the division of the total amount of bank borrowings and other loans by total equity attributable to owners of the Company, the Group's gearing ratio as at 30 June 2017 could not be determined due to deficit of equity attributable to owners of the Company.

Assets and Liabilities

As at 30 June 2017, the Group's total assets was approximately RMB7.7 million (equivalent to approximately HK$9.2 million), which decreased by 55.0% as compared to approximately RMB17.1 million (equivalent to approximately HK$20.5 million) as at 31 December 2016.

As at 30 June 2017, the Group's total liabilities was approximately RMB162.0 million (equivalent to approximately HK$194.4 million), which decreased by 0.9% as compared to approximately RMB163.5 million (equivalent to approximately HK$196.2 million) as at 31 December 2016.

Capital Structure

As at 30 June 2017, there were 2,329,266,000 ordinary shares in issue. There was no movement in the issued share capital of the Company during the six months ended 30 June 2017.

Commitments

Based on the information to the extent available to the Company, as at 30 June 2017, the Group appeared to have no significant outstanding contracted capital commitments.

Charges on Group Assets

There is insufficient information available to the Company to ascertain whether there were any charged assets at the Group level as at 30 June 2017.

Significant Investments and Acquisition

Based on the information to the extent available to the Directors, the Group did not have any significant investments nor did it make any material acquisitions or disposals of subsidiaries and associates throughout the six months ended 30 June 2017.

Reserves

As at 30 June 2017, the Group had a deficit in reserves of approximately RMB350.7 million (equivalent to approximately HK$420.9 million), which increased by 2.3% as compared to a deficit in reserves of approximately RMB342.7 million (equivalent to approximately HK$411.2 million) as at 31 December 2016.

Contingent Liabilities

As at 30 June 2017, the Company had contingent liabilities in respect of corporate guarantees to the extent of RMB112.9 million (equivalent to approximately HK$135.5 million) given for the general banking facilities granted to an unconsolidated subsidiary, which increased by 3.9% as compared to approximately RMB116.4 million (equivalent to approximately HK$139.7 million) as at 31 December 2016. Due to limited books of account and records available to the Company, the amount of drawdown by the unconsolidated subsidiary under such facilities is not known to the Company.

Dividends

Based on the information to the extent available to the Directors, no dividend was declared for the six months ended 30 June 2017.

Purchase, Sale or Redemption of Listed Securities of the Company

Due to the limitation of the incomplete books and records and the information available to the Directors, the Directors were unable to ascertain whether the Company has any purchase, sale or redemption of listed securities for the six months ended 30 June 2017.

Remuneration policies and share option scheme

Based on the information to the extent available to the Directors, remuneration packages comprise salary, mandatory provident fund and year-end bonus based on individual merits. During the six months ended 30 June 2017, no share option was granted.

PROSPECTS AND OUTLOOK

The Board of the Company, with the assistance of their professional advisers, have submitted the Resumption Proposal and a new listing application to the Stock Exchange.

The Resumption Proposal when successfully implemented will achieve, among other things, the following:

- All the existing assets of the Group are transferred to a special purpose vehicle set up pursuant to the terms of the creditors schemes of arrangement, as agreed by the creditors of the Company, for realisation for the benefits of the creditors of the company;

- All the liabilities of the Company are fully discharged under the creditors schemes of arrangement;

- Upon the grant of the whitewash wavier by the SFC, Pyrrho or its nominee(s) 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 with a focus on the leasing of the residential, commercial, retail and hotel properties in prime areas located in Hong Kong and Taiwan 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 of the Company and the new shares on the Stock Exchange.

For the benefit of the shareholders and the creditors as a whole, the Company will continue, with the assistance of their professional advisers, to work with the Target Group in order to obtain the necessary approvals from the relevant regulators for the implementation of the new listing application, such that trading in the shares can be resumed for the benefits of all the shareholders of the Company especially the minority shareholders.

CODE OF CORPORATE GOVERNANCE PRACTICE

Compliance with the Code on Corporate Governance Practices

Given the findings of the forensic accounting firm in respect of the Misappropriation, and due to limited books of account and records available to the Company and that all the former key personnel responsible for finance and accounting matters of the Group had left, the Directors note that the historical information in respect of the Company that is available to them may not be complete and sufficient to establish an accurate and reliable review of the historical transactions, trading and financial position and may contain significant errors. The corporate governance report was prepared in accordance with the limited information available to the Directors.

The Company appeared to comply, based on the limited information available to the Directors, with the applicable code provisions under the Corporate Governance Code (the "**CG Code**"), as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2017, 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 Directors, the Directors are unable to ascertain whether such 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 representing at least one-third of the Board. Based on the information available to the Directors, there are sufficient independent non-executive directors as at 30 June 2017. However, there are only two independent non-executive directors on the Board as at the date of this announcement.

Model Code For Securities Transactions By Directors

Due to the limitation of the incomplete books and records and the information available to the Directors, the Directors are 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 Directors, the current Directors are unable to confirm whether the then Directors had complied with, or whether there had been any non-compliance with, the required standards set out in the Model Code.

Audit Committee

The Group's unaudited condensed consolidated results for the six months ended 30 June 2017 have been reviewed by the audit committee of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This Results Announcement is available for viewing on the website of Stock Exchange at http://www.hkex.com.hk. The 2017 Interim Report will be available on the website of the Stock Exchange at the earliest practicable opportunity.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 3:17 p.m. on 15 August 2016. Trading in the shares of the Company will continue to be suspended until further notice and full satisfaction of the resumption conditions and such other further conditions that may be imposed by the Stock Exchange.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
CECEP COSTIN New Materials Group Limited
(In Provisional Liquidation)
Yang Jian Hui
Director

Hong Kong, 29 March 2019

As at the date of this announcement, the Board comprises one executive Director, Ms. Yang Jian Hui and two independent non-executive Directors, Mr. Fan Tak Wah and Mr. Kelvin Kin-Cheong Ho.