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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 Cayman Islands with limited liability)

(Stock Code: 67)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

China Lumena New Materials Corp. (In Provisional Liquidation) (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 and consolidated financial position as at 31 December 2021 with comparative figures for the year ended 31 December 2020 as follow.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	5	–	–
Cost of sales		–	–
Gross profit		–	–
Other revenue and gains	6	1,790	7,417
Loss on deconsolidation of unconsolidated subsidiaries	7	–	–
Selling and distribution expenses		–	–
Other operating expenses		(6,202)	(10,548)
Finance costs	8	(174,820)	(178,403)
Loss before income tax	9	(179,232)	(181,534)
Income tax expense	10	–	–
Loss for the year		(179,232)	(181,534)
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 year, net of tax		–	–
Total comprehensive loss for the year		(179,232)	(181,534)
		<i>RMB</i>	<i>RMB</i>
Loss per share	11		
– Basic and diluted		(1.28)	(1.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,011	1,011
Investment properties		–	–
Land use rights		–	–
Goodwill		–	–
Mining rights		–	–
Other intangible assets		–	–
Deposits and prepayments		–	–
Deferred tax assets		–	–
		<hr/>	<hr/>
		1,011	1,011
Current assets			
Inventories		–	–
Trade and other receivables	<i>13</i>	–	–
Cash and bank balances		5,804	6,803
		<hr/>	<hr/>
		5,804	6,803
Current liabilities			
Trade and other payables	<i>14</i>	44,843	41,430
Borrowings		2,836,532	2,661,712
Convertible bonds		1,084,388	1,084,388
Tax payable		–	–
		<hr/>	<hr/>
		3,965,763	3,787,530
Net current liabilities		(3,959,959)	(3,780,727)
		<hr/>	<hr/>
Total assets less current liabilities		(3,958,948)	(3,779,716)
Non-current liabilities			
Borrowings		3,727,903	3,727,903
Deferred tax liabilities		311,947	311,947
		<hr/>	<hr/>
		4,039,850	4,039,850
Net liabilities		(7,998,798)	(7,819,566)
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital		383	383
Reserves		(7,999,181)	(7,819,949)
		<hr/>	<hr/>
Total deficit		(7,998,798)	(7,819,566)
		<hr/> <hr/>	<hr/> <hr/>

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 year:

- 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.

2. STATEMENT OF COMPLIANCE

Except for the matters referred below, including certain disclosures as required under International Financial Reporting Standards (the “IFRSs”), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), these financial statements have been prepared in accordance with IFRSs, which collective term includes all applicable individual IFRSs, International Accounting Standards (the “IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance and Listing Rules.

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these consolidated financial statements.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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 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 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”). The Proposed Restructuring, after some subsequent adjustments to address comments from Regulators, now consists of, inter alia, (i) an acquisition of a target group from the Investors; (ii) the Creditors Schemes; and (iii) a public offering of shares. For details, please refer to the Company’s circular dated 29 November 2019.

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 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.

On 31 March 2017, a new listing application was submitted to the Stock Exchange. In the course of addressing rounds of queries from the Stock Exchange and the Securities and Futures Commission (“SFC” and collectively, the “Regulators”), the Company filed five re-submissions of new listing applications on 16 October 2017, 9 May 2018, 14 November 2018, 22 May 2019, 25 November 2019 pursuant to the requirements of the Stock Exchange, and dispatched the circular on 29 November 2019.

At the EGM on 23 December 2019, the Proposed Restructuring was duly approved by the Shareholders.

As the final step of the Proposed Restructuring, the Company is going to conduct a public offering to raise fund for the Company before resumption of trading. This requires the dispatch of prospectus, which is subject to pre-vetting by the Regulators. Accordingly, the Company filed two more re-submission of new listing applications on 8 June 2020 and 7 May 2021 respectively, and, after that, the Regulators issued further sets of queries in relation to the new listing application. As at the date of this announcement, the Company has yet to receive the approval from the Regulators to proceed with the dispatch of prospectus.

Notwithstanding, the Restructuring Framework Agreement remains substantially unchanged and in full force and effect in all respects.

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.

Latest Development

On 18 February 2022, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange (the “Listing Committee”) has decided to cancel the Company’s listing under Rule 6.04 of the Listing Rules (the “Delisting Decision”). Having considered the Delisting Decision and consulted its professional advisers, the Company lodged a request for the Review on 25 February 2022. The review hearing (the “Review Hearing”) is currently scheduled for 24 May 2022.

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 consolidated financial statements for the year ended 31 December 2021 and has formed the opinion as follows:

As the consolidated 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 year ended 31 December 2021 have been properly reflected in the consolidated 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 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 these consolidated 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 these consolidated financial statements.

4. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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.

5. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net amounts received and receivable for goods sold, less value-added tax and sales returns, for the year. The amount of each significant category of the revenue recognised is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
– Coating-grade PPS resin	–	–
– Injection-moulding-grade PPS resin	–	–
– Film-grade PPS resin	–	–
– PPS fibre	–	–
– PPS compounds	–	–
– Revenue from PPS business	–	–
	<hr/>	<hr/>
	–	–
	<hr/>	<hr/>
Revenue from mining and thenardite business		
– Powder thenardite	–	–
– Medical thenardite	–	–
– Specialty thenardite	–	–
	<hr/>	<hr/>
	–	–
	<hr/>	<hr/>
Revenue	<u>–</u>	<u>–</u>

On the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the revenue of the Group as of the date of publication of these consolidated financial statements and no disclosure of the disaggregate of revenue from contracts with customers and the segment information is available.

6. OTHER REVENUE AND GAINS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other revenue and gains	<u>1,790</u>	<u>7,417</u>

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 other revenue and gains of the Group as of the date of publication of these consolidated financial statements.

7. LOSS ON DECONSOLIDATION OF UNCONSOLIDATED SUBSIDIARIES

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 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.

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 loss on deconsolidation of unconsolidated subsidiaries of the Group as of the date of publication of these consolidated financial statements.

8. FINANCE COSTS

	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Total finance costs	<u>174,820</u>	<u>178,403</u>

On the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the finance costs of the Group as of the date of publication of these consolidated financial statements.

9. LOSS BEFORE INCOME TAX

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

	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Auditor’s remuneration	204	210
Amortisation of land use rights (note (i))	–	–
Amortisation of mining rights (note (i))	–	–
Amortisation of other intangible assets (note (i))	–	–
Cost of inventories recognised as an expense	–	–
Depreciation of property, plant and equipment	–	–
Loss allowance on trade and other receivables	–	–
Write-off of cash and bank balances	–	–
Operating lease charges on rented premises	–	–
Outgoings in respect of investment properties	–	–
Research expenses	–	–
Staff costs (including directors’ remuneration) (note (ii))		
– Wages, salaries and bonus	3,090	3,138
– Equity-settled share-based payment	–	–
– Contribution to defined contribution pension plans	–	–
	<u>3,294</u>	<u>3,138</u>

Notes:

- (i) Amounts shall be included in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.
- (ii) Due to incomplete books and records, the Provisional Liquidators were unable to ascertain information on the five highest paid individuals during the years ended 31 December 2021 and 2020 and thus no representation is made by the Company as to the accuracy, occurrence, cut-off and classification of the five highest paid individuals of the Group at the date of publication of these consolidated financial statements.

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 income tax of the Group as the date of publication of these consolidated financial statements.

10. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
– Provision for Enterprise Income Tax	–	–
Deferred tax	–	–
	<hr/>	<hr/>
Total income tax expenses	–	–
	<hr/> <hr/>	<hr/> <hr/>

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 year ended 31 December 2021 (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 year ended 31 December 2021 (2020: Nil).

On the basis that the relevant books and records are incomplete, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of the income tax expenses of the Group as of the date of publication of these consolidated financial statements.

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owner of the Company of approximately RMB179,232,000 (2020: loss of RMB181,534,000) and the weighted average number of 140,096,484 (2020: 140,096,484) ordinary shares.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 December 2019 has been adjusted for the share consolidation completed on 17 February 2020. The details of the share consolidation are set out in note 3.

(b) Diluted loss per share

Diluted loss per share equals to basic loss per share for the years ended 31 December 2021 and 2020 because the share options outstanding were anti-dilutive.

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 of the Group as of the date of publication of these consolidated financial statements.

12. DIVIDENDS

No dividend was declared during the year (2020: Nil).

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 of the Group as of the date of publication of these consolidated financial statements.

13. TRADE AND OTHER RECEIVABLES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade and other receivables	18,649	18,649
Less: Loss allowance	(18,649)	(18,649)
	<hr/>	<hr/>
Net carrying amount at 31 December	<u> -</u>	<u> -</u>

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 of the Group as of the date of publication of these consolidated financial statements.

14. TRADE AND OTHER PAYABLES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net carrying amount	44,843	41,430
	<hr/>	<hr/>
	<u>44,843</u>	<u>41,430</u>

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 of the Group as of the date of publication of these consolidated financial statements.

OTHER MATTERS

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

RESULT FOR THE YEAR ENDED 31 DECEMBER 2021

BUSINESS AND FINANCIAL REVIEW

Business Review

Appointment of the 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 Provisional Liquidators 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 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 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 has been suspended with effect from 10:56 a.m. on 25 March 2014.

Proposed Restructuring of the Company

Please refer to note 3 to the financial statements above for details.

Fulfillment of Resumption Conditions

Before the dispatch of the circular dated 29 November 2019, the acquisition of the Target Group was deliberated at a Listing Committee hearing and the relevant in-principle listing approval was given to the Company. The acquisition of the Target Group and the Creditors Scheme were then approved by the Company's shareholders and creditors at respective meetings. The proposed public offering is the final step of the Proposed Restructuring. As at the date of this announcement, the Company has yet to receive the approval from the Regulators to proceed with the dispatch of prospectus. Nevertheless, the Company and the investors are prepared to complete the public offering once receiving the relevant approval from the Listing Division.

Financial Review

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

Revenue and Gross Profit

The Group generated no revenue and no gross profit for the years ended 31 December 2021 and 2020. Loss before income tax was RMB179.2 million for the year ended 31 December 2021 (2020: RMB181.5 million).

Liquidity and Financial Resources

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

The borrowings and convertible bonds amounted to approximately RMB6,564.4 million and RMB1,084.4 million (2020: RMB6,390.0 million and RMB1,084.4 million) respectively as at 31 December 2021. The borrowings included secured and unsecured bank loans.

The gearing ratio (measured as total borrowings over total assets) as at 31 December 2021 was 112,235.1% (2020: 95,648.9%).

Based on the information available to the Provisional Liquidators, as at 31 December 2021, certain of the Group's bank borrowings were secured by the corporate guarantees granted by the Company.

Assets and Liabilities

As at 31 December 2021, the Group had total assets of approximately RMB6.8 million (2020: RMB7.8 million), total liabilities of approximately RMB8,005.6 million (2020: RMB7,827.4 million). The net liabilities of the Group as at 31 December 2021 were approximately RMB7,998.8 million (2020: RMB7,819.6 million).

Finance Cost

The finance cost amounted to approximately RMB174.8 million for the year ended 31 December 2021 (2020: RMB178.4 million).

Charges on Group Assets

Due to incomplete books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to ascertain whether there are any charged assets at a Group level as at 31 December 2021.

Capital Commitments

The Group and the Company did not have any significant capital commitments as at 31 December 2021.

Loss per Share

For the year ended 31 December 2021, the basic loss per share was RMB1.28 (2020: RMB1.30).

Final Dividends

No dividend was declared during the year ended 31 December 2021.

Contingent Liabilities

Due to incomplete books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to ascertain whether there are any material contingent liabilities as at 31 December 2021.

Foreign Currency Exposure

Based on the books and records available to the Provisional Liquidators, the Group and the Company did not appear to use any foreign currency derivative product to hedge our exposure to currency risk for the year ended 31 December 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 year ended 31 December 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 fulfill the minimum public float requirement, the Investors will enter into a placing agreement with an independent third party for the placing of not less than 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 Executive, 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.

Events after the Reporting Period

On 18 February 2022, the Company received a letter from the Stock Exchange stating that the Listing Committee has made the Delisting Decision. Having considered the Delisting Decision and consulted its professional advisers, the Company lodged a request for the Review on 25 February 2022. The review hearing is currently scheduled on 24 May 2022. The Company will continue to work closely with the Investors and all other professional parties to liaise with the Stock Exchange in order to complete the Proposed Restructuring.

CODE ON CORPORATE GOVERNANCE PRACTICE

Compliance with the Code on Corporate Governance Practices

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

As the Company is going through the Proposed Restructuring, the Company appeared to have failed 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 as follows:

- Pursuant to Code Provisions B.3, D.3, E.1, and Rules 3.21, 3.25, 3.27A, 3.28 of the Listing Rules, the issuer must establish an audit committee, a remuneration committee and a nomination committee, and appoint a company secretary.
- Pursuant to Code Provision D.2.5, the issuer should have an internal audit function.

- Pursuant to (i) Code Provision B.1.3, the board should review the implementation and effectiveness of the issuer’s policy on board diversity on an annual basis; (ii) Code Provision B.1.4, an issuer should establish mechanism(s) to ensure independent views and input are available to the board and disclose such mechanism(s) in its Corporate Governance Report, and the board should review the implementation and effectiveness of such mechanism(s) on an annual basis; (iii) Code Provision C.2.7, 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; and (iv) Code Provision C.5.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.
- Pursuant to Code Provision C.1.4, all directors should participate in continuous professional development to develop and refresh their knowledge and skills.
- 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 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 31 December 2021 and the date of this announcement.
- 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 31 December 2021 and the date of this announcement.

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

Based on the information available to the Provisional Liquidators, as at 31 December 2021 and the date of this announcement, the Company has no audit committee. Therefore, the Result Announcement was not reviewed by the audit committee and this does not comply with the requirements of the CG Code and Listing rules.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This Results Announcement is available for viewing on the website of HKSE at <http://www.hkex.com.hk>. The 2021 Annual Report will be available on the website of the Stock Exchange at the earliest practicable opportunity.

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

CONTINUED SUSPENSION OF TRADING

Trading in the shares on the Main Board of The Stock Exchange of Hong Kong Limited has been suspended with effect from 10:56 a.m. on 25 March 2014 and will remain suspended until further notice.

For and on behalf of
China Lumena New Materials Corp. (In Provisional Liquidation)
Man Chun So Yat Kit Jong Simon Conway
Joint Provisional Liquidators
Acting as agents without liability and recourse

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises three executive directors: Mr. Zhang Zhigang, Mr. Zhang Daming and Mr. Shi Jianping.