



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)

Provisional Liquidators:

Mr. Man Chun So
Mr. Yat Kit Jong
Mr. Simon Conway

Executive Directors:

Mr. Zhang Zhigang
Mr. Zhang Daming
Mr. Shi Jianping

Registered office:

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29 November 2019

To the Shareholders

- PROPOSED RESTRUCTURING INVOLVING, INTER ALIA,**
(1) PROPOSED CAPITAL REORGANISATION;
(2) CREDITORS SCHEMES;
(3) PROPOSED ISSUANCE OF PUBLIC OFFER SHARES AND
COMPANY'S PLACING SHARES UNDER SPECIFIC MANDATE;
(4) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE ACQUISITION OF THE TARGET GROUP;
(5) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION;
(6) APPLICATION FOR WHITEWASH WAIVER;
(7) PROPOSED APPOINTMENT OF PROPOSED DIRECTORS;
(8) PROPOSED ADOPTION OF THE SECOND AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION; AND
(9) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 26 November 2014, 4 March 2015, 16 March 2015, 25 September 2015, 8 April 2016, 7 November 2016, 16 February 2017, 31 March 2017, 16 May 2017, 15 June 2017, 14 July 2017, 31 July 2017, 31 August 2017, 29 September 2017, 11 October 2017, 16 October 2017, 18 December 2017, 29 December 2017, 9 January 2018, 9 February 2018, 9 March 2018, 10 April 2018, 13 April

2018, 30 April 2018, 10 May 2018, 30 May 2018, 29 June 2018, 30 July 2018, 30 August 2018, 28 September 2018, 29 October 2018, 9 November 2018, 14 November 2018, 11 December 2018, 4 January 2019, 11 January 2019, 17 January 2019, 29 January 2019, 1 March 2019, 14 March 2019, 15 April 2019, 29 April 2019, 9 May 2019, 24 May 2019, 13 June 2019, 16 July 2019, 1 August 2019, 15 August 2019, 16 September 2019, 26 September 2019, 28 October 2019, 7 November 2019, 18 November 2019, 21 November 2019 and 26 November 2019 in relation to the Proposed Restructuring.

Trading in the Shares on the Stock Exchange has been suspended since 25 March 2014. By its letter to the Company on 24 March 2016, the Stock Exchange set out the conditions for the resumption of trading in the Shares as follows:

The Resumption Proposal should demonstrate sufficient operations or assets as required under Rule 13.24 of the Listing Rules and to have the winding up petition against the Company withdrawn or dismissed and the provisional liquidators discharged.

The Company must also:

- 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;
- publish all outstanding financial results and address any audit qualifications; and
- demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Listing Rules.

STEPS TO FULFILL RESUMPTION CONDITIONS

The Company has taken the following actions to fulfill each of the Resumption Conditions mentioned above:

The Resumption Proposal should demonstrate sufficient operations or assets as required under Rule 13.24 of the Listing Rules and to have the winding up petition against the Company withdrawn or dismissed and the provisional liquidators discharged.

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 (i.e. 7 October 2016) 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. The Company submitted a new listing application to the Stock Exchange on 31 March 2017 and resubmitted on 16 October 2017, 9 May 2018, 15 November 2018 and 22 May 2019.

Upon the completion of the Proposed Restructuring, the business of the Target Group will have been acquired by the Group and the Enlarged Group will have a sufficient level of operations while the proceeds from the Public Offer and the Company's Placing (including the Preferential Offer) will improve the financial and liquidity position of the Enlarged Group. Details of the financial effects of the Proposed Restructuring are set out in the section headed "Financial effects of the Proposed Restructuring" in this letter.

Subject to necessary approvals being expected to be obtained from the High Court and the Grand Court on or around the effective date of the Creditors Schemes, the winding up petition against the Company will be withdrawn and the Provisional Liquidators will be discharged on the Completion Date.

The Company must also 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.

Upon the completion of the Proposed Restructuring, all assets of the Group (including Scheme Subsidiaries with the alleged irregularities mentioned in the reports published by Glaucus Research Group and Emerson Analytics Co., Ltd.) shall all be transferred to the Scheme Company or the Scheme Administrators pursuant to the terms of the Creditors Schemes, subject to any modifications, additions or conditions as may be approved or imposed by the High Court and the Grand Court, for realisation if appropriate for the benefit of the Creditors. None of the Scheme Subsidiaries will be within the Enlarged Group upon completion of the Proposed Restructuring. As such, the aforesaid allegations against the Group will no longer be relevant.

The Company must also publish all outstanding financial results and address any audit qualifications.

The following outstanding financial information of the Company was published in July 2017:

- (i) the audited results announcements and the annual reports of the Company for the years ended 31 December 2013 (the "**2013 Annual Results**"), 31 December 2014 (the "**2014 Annual Results**"), 31 December 2015 (the "**2015 Annual Results**") and 31 December 2016 (the "**2016 Annual Results**") and the annual reports of the Company for the years ended 31 December 2013, 2014, 2015 and 2016; and
- (ii) the unaudited interim results announcements and interim reports for the six months ended 30 June 2014, 2015 and 2016.

The unaudited interim results announcement and interim report for the six months ended 30 June 2017 were published in September 2017, the audited result announcement and the annual report for the year ended 31 December 2017 were published in February 2018 and March 2018 respectively, the unaudited interim results and interim report for the six months ended 30 June 2018 were published in August 2018 and September 2018 respectively, the audited result announcement and the annual report for the year ended 31 December 2018 were published in February 2019 and March 2019 respectively, and the unaudited interim results and interim report for the six months ended 30 June 2019 were published in August 2019 and September 2019 respectively.

In respect of the audit qualifications, please refer to the section headed “The Audit Qualifications” of the circular for details.

The Company must also demonstrate that it has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Listing Rules.

As disclosed in this circular, the Scheme Subsidiaries shall all be transferred to the Scheme Company or the Scheme Administrators pursuant to the terms of the Creditors Schemes on the completion of the Proposed Restructuring. The Scheme Subsidiaries to which the alleged irregularities mentioned in the reports published by Glaucus Research Group and Emerson Analytics Co., Ltd. relate will cease to be subsidiaries of the Enlarged Group and their results, assets and liabilities will no longer be consolidated into the Enlarged Group’s financial statements. The Enlarged Group will consist of the Target Group and the Target Group has appointed Crowe (HK) Risk Advisory Limited as adviser to perform an independent internal control review of the Target Group to ensure compliance and meet the obligations under the Listing Rules. The Target Group’s internal control advisers has completed its review of the Target Group’s internal control and Target Group has further enhanced internal control measures in accordance with the Target Group’s internal control advisers’ recommendation so as to ensure that full compliance with the relevant laws and regulations in the future.

For details of the steps taken by the Target Group and the Enlarged Group in respect of the internal control systems, please refer to the section headed “Business of the Target Group – Internal control and risk management”.

The purpose of this circular is to provide the Shareholders with further information in connection with the Proposed Restructuring, among other things, (i) the Capital Reorganisation; (ii) the Creditors Schemes; (iii) the Share Offer; (iv) the Acquisition; (v) the Restructuring Framework Agreement; (vi) the Whitewash Waiver; (vii) the proposed appointment of proposed Directors; and (viii) the Articles Adoption, and to give a notice to the Shareholders of the EGM. This circular also provides additional information on the Creditors Schemes and the Target Group as required under the Listing Rules in connection with the New Listing Application.

RESTRUCTURING FRAMEWORK AGREEMENT

Date: 23 September 2016

As amended by the amendment letters dated 29 September 2017, 27 April 2018, 26 November 2018, 25 April 2019, 29 July 2019 and 31 October 2019, the Long Stop Date for the fulfillment of conditions precedent has been extended to 31 January 2020 or any other date as the parties may agree in writing. As amended by the amendment letter dated 29 December 2017, the Consideration has been adjusted to approximately HK\$538.0 million.

Parties to the Restructuring Framework Agreement

- (i) the Company, being the purchaser;
- (ii) the Investors, being the vendors; and
- (iii) the Provisional Liquidators.

The Investors are Independent Third Parties.

Conditions Precedent to the Restructuring Framework Agreement

Completion is conditional on each of the following conditions precedent being satisfied on or before the Long Stop Date:

- (a) the Creditors Schemes becoming effective and being implemented in accordance with their terms;
- (b) all of the required resolutions being anticipated at the Latest Practicable Date having been duly passed at the duly convened EGM of the Company and not having been revoked or vitiated, in connection with the following:
 - (i) the Capital Reorganisation;
 - (ii) the Restructuring Framework Agreement and the transactions contemplated thereunder (including but not limited to the Acquisition);
 - (iii) the Share Offer;
 - (iv) the Creditors Schemes; and
 - (v) the Whitewash Waiver.
- (c) the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn;

- (d) the listing of and permission to deal in all of the Consolidated Shares (namely, the Shares of the Company upon completion of the Capital Reorganisation), the Consideration Shares, the Company's Placing Shares (including the Reserved Shares) and the Public Offer Shares, having been granted by Listing Committee of the Stock Exchange (either unconditionally or subject to conditions) and such permission not having been subsequently revoked or withdrawn;
- (e) the Resumption Proposal having been submitted to the Stock Exchange and the approval in-principle having been received from the Stock Exchange and such approval not having been subsequently revoked or withdrawn;
- (f) the deemed new listing application of the Company having been submitted to the Stock Exchange and the approval for the listing application having been granted by the Listing Committee and such approval not having been subsequently revoked or withdrawn; and
- (g) the Shares or the New Shares (as the case may be) of the Company remaining listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date, condition (e) has been fulfilled. If any of the above conditions precedent have not been satisfied by the Long Stop Date, the Restructuring Framework Agreement shall automatically terminate with immediate effect, unless otherwise agreed by the Parties in writing. For the avoidance of doubt, the Long Stop Date stipulated in the Restructuring Framework Agreement has been changed from 31 October 2017 to 31 January 2020 or such other date as the parties to the Restructuring Framework Agreement may agree in writing pursuant to the Amendment Letters dated 29 September 2017, 29 December 2017, 27 April 2018, 26 November 2018, 25 April 2019, 29 July 2019 and 31 October 2019 entered by parties to the Restructuring Framework Agreement and none of the Conditions Precedent can be waived by either Party.

1. CAPITAL REORGANISATION

Pursuant to the Restructuring Framework Agreement and the Amendment Letters, the Company proposes to implement, subject to the approval by the Shareholders, the Capital Reorganisation. The Capital Reorganisation will 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.

Fractional New Shares arising from the Capital Reorganisation will be disregarded and will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefit of the Company.

Effects of the Capital Reorganisation

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company and the Group or the rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, before and after completion of the Capital Reorganisation:

	Immediately before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value	US\$0.00001 per Share	US\$0.0004 per Share
Authorised share capital	US\$100,000	US\$2,000,000
Number of issued and paid-up shares	5,603,859,393	140,096,484

Status of the New Shares after the Capital Reorganisation

The New Shares after the Capital Reorganisation will be identical and rank *pari passu* in all respects with each other.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation and the listing of the New Shares are conditional upon:

- (i) the passing of the necessary resolutions by the Shareholders by way of poll at the EGM to approve the Capital Reorganisation;
- (ii) the Grand Court granting an order confirming the Capital Reorganisation;
- (iii) the registration by the Registrar of Companies in the Cayman Islands of a copy of the Grand Court order and the minutes containing the particulars required under the Companies Law;
- (iv) compliance with any conditions imposed by the Grand Court; and
- (v) the Listing Committee granting the listing of, and permission to deal in, the New Shares in issue upon the Capital Reorganisation becoming effective.

Listing and dealings

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares in issue arising from the Capital Reorganisation. Subject to the granting of the listing of, and the permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchanges.

Expected effective date of the Capital Reorganisation

Upon the conditions mentioned above being fulfilled, the Capital Reorganisation will become effective immediately after the registration of the Grand Court order and the minutes as referred to in condition (iii) above. An application will be made to the Grand Court for the approval of the Capital Reorganisation on 20 December 2019, it is expected that the Capital Reorganisation will become effective on Tuesday, 14 January 2020.

Reasons for the Capital Reorganisation

The Company considers that the Capital Reorganisation will give greater flexibility to the Company to raise funds through the issuance of New Shares in the future.

The Capital Reorganisation is subject to the approval of the Shareholders at the EGM and the Capital Reorganisation becoming effective is also one of the conditions precedent under the Restructuring Framework Agreement. Accordingly, given the Capital Reorganisation is a condition precedent to the Proposed Restructuring, the Provisional Liquidators are of the view that the implementation of the Capital Reorganisation is in the best interest of the Company and the Shareholders as a whole.

Latest time for lodging transfer of Shares

In order to be registered as a member to qualify for the receipt of new share certificates for the New Shares, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:00 p.m. on Tuesday, 14 January 2020.

Posting of new certificates to the Shareholders

Subject to the completion of the Capital Reorganisation, the Company will post the new share certificates in jumbo lot for the New Shares to the Shareholders at the Company's expense. The old share certificates for existing Shares will be voided automatically upon the despatch of the new share certificates.

2. THE CREDITORS SCHEMES

As at the Latest Practicable Date, the Company has an estimated total amount of claims of approximately US\$1,161 million. This indebtedness figure is indicative only and the claims of the Creditors will be subject to final determination by the Scheme Administrators and (if applicable) adjudication under the Creditors Schemes.

As part of the Proposed Restructuring, the Creditors Schemes shall be implemented as follows:

- (1) HK\$90,000,000 shall be made available to the Creditors Schemes for the benefit of the Creditors, which shall be funded from the net proceeds of the Public Offer and the Company's Placing (including the Preferential Offer);
- (2) such other sums as may be realised by the Scheme Administrators from the existing assets of the Group (including Scheme Subsidiaries) which shall all be transferred to the Scheme Company or the Scheme Administrators on Completion with, or subject to, any modification, addition or conditions approved or imposed by the High Court and the Grand Court;
- (3) all or any claims of the Company in respect of transactions or events incurred up to the date on which the Creditors Schemes become effective against any person (including but not limited to the Scheme Subsidiaries) shall be assigned and/or transferred and/or novated (as the case may be) from the Company to the Scheme Company or the Scheme Administrators for the benefit of the Creditors upon the Creditors Schemes becoming effective;
- (4) any outstanding claims made or to be made by the Creditors in respect of transactions or events incurred up to the date on which the Creditors Schemes become effective shall be assigned or transferred to the Scheme Company for settlement; and
- (5) all the indebtedness of the Company as at the date on which the Creditors Schemes become effective shall be compromised and fully discharged.

Conditions of the Creditors Schemes

The implementation of each of the Creditors Schemes is conditional on Completion. The Company shall be irrevocably released from any and all indebtedness owing by the Company to its Creditors on the date on which the Creditors Schemes become effective and, after Completion, no claims shall be made by the Creditors against the Company in respect of any of the indebtedness of the Company as at the date on which the Creditors Schemes become effective.

The Creditors Schemes shall become effective and legally binding on the Company and all the Creditors, including those voting against the Creditors Schemes and those not voting, upon the fulfilment of the following conditions:

- (1) the requisite majority (being a majority in number representing three-fourths in value of each class of creditors who, either in person or by proxy, attend and vote at the scheme meetings convened with the leave of the relevant courts) voted in favour of the Creditors Schemes;
- (2) all necessary resolutions are passed by the Shareholders by way of poll at the EGM;
- (3) the Creditors Schemes are sanctioned by the Grand Court and the High Court; and
- (4) a copy of each of the relevant court orders sanctioning the Creditors Schemes filed or as the case may be are registered with the relevant Registrars of Companies in the Cayman Islands and Hong Kong respectively.

As at the Latest Practicable Date, none of the Creditors are Shareholders, nor have they indicated their intention to become Shareholders.

As at the Latest Practicable Date, the Creditors Schemes have not come into effect.

3. THE SHARE OFFER

Pursuant to the Restructuring Framework Agreement and the Amendment Letters, the Company conditionally agreed to implement the Share Offer of 840,578,904 SO Shares at the Share Offer Price of HK\$0.24 per SO Share as part of the Proposed Restructuring. The Share Offer will consist of:

- (a) the Public Offer of 224,156,000 Public Offer Shares (subject to adjustment) (representing approximately 26.7% of the number of SO Shares available for subscription or purchase under the Share Offer and approximately 8.0% of the enlarged issued share capital of the Company upon completion of the Proposed Restructuring) for subscription by the public in Hong Kong; and

- (b) the Placing of 616,422,904 Placing Shares (subject to adjustment) (representing approximately 73.3% of the number of SO Shares available for subscription or purchase under the Share Offer and approximately 22.0% of the enlarged issued share capital of the Company upon completion of the Proposed Restructuring) to selected professional, institutional and/or other investors in Hong Kong and elsewhere. For the avoidance of doubt, the Placing will consist of:
- i. 196,133,492 Company's Placing Shares (representing approximately 23.3% of the number of SO Shares available for subscription or purchase under the Share Offer and approximately 7.0% of the enlarged issued share capital of the Company upon completion of the Proposed Restructuring) to be allotted and issued by the Company, among which, 140,096,484 New Shares will be available for subscription by the Qualifying Lumena Shareholders under the Preferential Offer as Preferential Entitlements on the basis of one (1) Company Placing Share for every one (1) New Share held on the Preferential Offer Record Date; and
 - ii. 420,289,452 Investors' Placing Shares (representing approximately 50.0% of the number of SO Shares available for subscription or purchase under the Share Offer and approximately 15.0% of the enlarged issued share capital of the Company upon completion of the Proposed Restructuring) to be offered for sale by the Investors to restore the public float of the Company.

The Share Offer Price of HK\$0.24 each represents a discount of approximately 99.52% to the theoretical quoted price of HK\$50.00 per New Share (the quoted price of HK\$1.25 per Share has been adjusted to reflect the effects of the Capital Reorganisation) on 24 March 2014, being the last trading day before the suspension of trading in the Shares since 25 March 2014; and the Share Offer Price was determined after arm's length negotiations, taking into account (i) the financial performance and financial position of the Group; and (ii) the fact that trading in the Shares on the Stock Exchange has been suspended since 25 March 2014.

Conditions of the Share Offer

Acceptance of all applications for the SO Shares pursuant to the Share Offer will be conditional on, inter alia:

- the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, the Consideration Shares, the Public Offer Shares and the Company's Placing Shares (including the Reserved Shares) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in such Shares on the Stock Exchange;
- the obligations of the SO Underwriter(s) under the SO Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the bookrunner, on behalf of the SO Underwriter(s)) and not having been terminated in accordance with the terms of the SO Underwriting Agreements;

- there are not less than 300 Accepted Offer Applications in respect of the Public Offer from members of the public in Hong Kong (for the avoidance of doubt, excluding the applications made by subscribers procured by the Public Offer Underwriter(s) or its sub-underwriter(s) for the purpose of fulfilling the Public Offer Underwriter(s)' underwriting commitment as set out in the Public Offer Underwriting Agreement);
- not less than 112,078,000 Public Offer Shares (being 50% of the number of the Public Offer Shares initially offered for subscription under the Public Offer) will be allotted and issued to the New Public Shareholders or his/her/its nominee(s) upon Completion;
- the number of the SO Shares to be allotted and issued to the three largest New Public Shareholders upon Completion will not exceed 112,078,000 Public Offer Shares (being 50% of the number of the Public Offer Shares initially offered for subscription under the Public Offer);
- all of the required resolutions being anticipated at the Latest Practicable Date having been duly passed at the duly convened EGM of the Company, and not having been revoked or vitiated:
 - the Capital Reorganisation;
 - the Restructuring Framework Agreement and the transactions contemplated thereunder;
 - the Share Offer;
 - the Creditors Schemes; and
 - the Whitewash Waiver;
- the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn; and
- the completion of the Acquisition, which forms part of the Proposed Restructuring,

in each case on or before the dates and times specified in the SO Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of the prospectus for the Share Offer.

Number of Shares initially offered

The Company will initially offer 224,156,000 Public Offer Shares at the Share Offer Price, representing 26.7% of the SO Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to reallocation of Placing Shares between the Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 8.0% of the Company's enlarged issued share capital immediately after completion of the Share Offer and upon completion of the Proposed Restructuring. The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Subject to the reallocation, the number of SO Shares to be initially offered under the Placing will be 616,422,904 Shares, representing 73.3% of the total number of the SO Shares initially available under the Share Offer. Subject to the reallocation of the SO Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.0% of the Company's enlarged issue share capital immediately after the completion of the Share Offer and upon completion of the Proposed Restructuring.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Share Offer" in this section.

Public investors may apply for the Public Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong. The Placing will involve selective marketing of the Placing Shares to the Qualifying Lumena Shareholders, professional, institutional and/or other investors expected to have a sizeable demand for the Placing Shares. The Reserved Shares is offered by the Company pursuant to the Preferential Offer to the Qualifying Lumena Shareholders as Preferential Entitlements under the Company's Placing.

Preferential Offer

Among the 196,133,452 Company's Placing Shares being offered under the Company's Placing, 140,096,484 Company's Placing Shares (i.e. the Reserved Shares) will be available for subscription by Qualifying Lumena Shareholders as Preferential Entitlements on the basis of one (1) Reserved Share for one (1) New Share held by the Qualifying Lumena Shareholders on the Preferential Offer Record Date.

The Preferential Offer will only be available to the Qualifying Lumena Shareholders, whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 14 January 2020, being the Preferential Offer Record Date. The Company will send (i) the prospectus documents for the Share Offer to the Qualifying Lumena Shareholders and (ii) the Share Offer Prospectus, for information only, to the Excluded Shareholders.

Preferential Entitlements of the Qualifying Lumena Shareholders to the Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Fractions of Reserved Shares will not be allotted to Qualifying Lumena Shareholders and fractional entitlements will be rounded down to the nearest whole number of Reserved Shares. Any Reserved Shares created from the aggregation of fractions of Reserved Shares will be aggregated and taken up by the Placing Underwriter in accordance with the Placing Underwriting Agreement.

Qualifying Lumena Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Preferential Entitlements under the Preferential Offer. A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Lumena Shareholder's Preferential Entitlement under the Preferential Offer will be accepted in full.

Where a Qualifying Lumena Shareholder applies for a number of Reserved Shares which is greater than his/her/its Preferential Entitlement under the Preferential Offer, the relevant Preferential Entitlement will be satisfied in full (subject to the terms and conditions mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Lumena Shareholders declining to take up some or all of their Preferential Entitlements by way of allocation on a fair and reasonable basis.

To the extent that the excess applications for the Reserved Shares are:

- (a) less than the Reserved Shares not taken up by the Qualifying Lumena Shareholders' Preferential Entitlements, the available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated to the Company's Placing for the subscription by selected professional, institutional and/or other investors in Hong Kong and elsewhere;
- (b) equal to the available Reserved Shares, the available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or
- (c) more than the available Reserved Shares, the available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offers in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there is an odd lot number of New Shares left after satisfying the excess applications, such number of odd lot New Shares will be reallocated to the Company's Placing for the subscription by selected professional, institutional and/or other investors in Hong Kong and elsewhere.

Save for the above, the Preferential Offer will not be subject to the clawback arrangement between the Placing and the Public Offer.

Allocation

Allocation of the Placing Shares pursuant to the Placing will be determined by the Placing Underwriter(s) and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell the Placing Shares after the Resumption. Such allocation may be made to professional, institutional and corporate investors and other investors and is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of the Company and the Shareholders as a whole.

Under the Placing, the Placing Underwriter(s) will conditionally place the Placing Shares with professional, institutional and corporate investors and other investors who are anticipated to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S under the U.S. Securities Act. Allocation of Placing Shares under the Placing will be effected in accordance with the "book-building" process and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further New Shares, and/or hold or sell its New Shares, after the Resumption. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base for the benefit of the Company and the Shareholders as a whole.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation of the Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The 224,156,000 Public Offer Shares being offered under the Public Offer will be divided equally into two pools (subject to adjustment at odd lot size): Pool A comprising 112,078,000 Public Offer Shares and Pool B comprising 112,078,000 Public Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for the Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Public Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an

allocation of the Public Offer Shares from either Pool A or Pool B but not from both pools, and may only apply for Public Offer Shares in either Pool A or Pool B. When there is an oversubscription, the allocation of the Public Offer Shares to investors under the Public Offer, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Public Offer. Multiple or suspected multiple applications and any application for more than 112,078,000 Public Offer Shares are liable to be rejected.

Reallocation and clawback

The allocation of SO Shares among the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are not fully subscribed but there are at least 300 Accepted Offer Applications under the Public Offer, the Share Offer will only proceed if the Public Offer Underwriter(s) subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares being offered which are not taken up under the Public Offer on the terms and conditions of the Public Offer Underwriting Agreement and the other conditions precedent of the Share Offer as described in the paragraph headed “3. The Share Offer – Conditions of the Share Offer” in this section are satisfied;
 - (ii) if there are at least 300 Accepted Offer Applications under the Public Offer and the Public Offer Shares are not undersubscribed but the number of Public Offer Shares validly applied for under the Public Offer represents less than 15 times of the number of Public Offer Shares initially available under the Public Offer, then up to 28,020,000 SO Shares will be reallocated to the Public Offer from the Placing, increasing the total number of SO Shares available under the Public Offer to 252,176,000, representing approximately 30% of the SO Shares initially available under the Share Offer;
 - (iii) if there are at least 300 Accepted Offer Applications under the Public Offer and the Public Offer Shares are not undersubscribed but the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Public Offer Shares initially available under the Public Offer, then 28,020,000 SO Shares will be reallocated to the Public Offer from the Placing, increasing the total number of SO Shares available under the Public Offer to 252,176,000, representing approximately 30% of the SO Shares initially available under the Share Offer;
 - (iv) if there are at least 300 Accepted Offer Applications under the Public Offer and the Public Offer Shares are not undersubscribed but the number of Public Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Public Offer Shares initially available

under the Public Offer, then 112,076,000 SO Shares will be reallocated to the Public Offer from the Placing, increasing the total number of SO Shares available under the Public Offer to 336,232,000, representing approximately 40% of the SO Shares initially available under the Share Offer; and

- (v) if there are at least 300 Accepted Offer Applications under the Public Offer and the Public Offer Shares are not undersubscribed but the number of Public Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Public Offer Shares initially available under the Public Offer, then 196,136,000 SO Shares will be reallocated to the Public Offer from the Placing, increasing the total number of SO Shares available under the Public Offer to 420,292,000, representing approximately 50% of the SO Shares initially available under the Share Offer.

(b) Where the Placing Shares are not fully subscribed:

- (i) if the Public Offer Shares are not fully subscribed but there are at least 300 Accepted Offer Applications under the Public Offer, the Share Offer will only proceed if (I) the Public Offer Underwriter(s) subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares being offered which are not taken up under the Public Offer on the terms and conditions of the Public Offer Underwriting Agreement; (II) the Placing Underwriter(s) subscribe or procure subscribers for their respective applicable proportions of the Placing Shares being offered which are not taken up under the Placing on the terms and conditions of the Placing Underwriting Agreement; and (III) the other conditions precedent of the Share Offer as described in the paragraph headed “3. The Share Offer – Conditions of the Share Offer” in this section are satisfied; and
- (ii) if the Public Offer Shares are fully subscribed and there are at least 300 Accepted Offer Applications under the Public Offer, irrespective of the number of times the number of Public Offer Shares initially available under the Public Offer, then up to 28,020,000 SO Shares will be reallocated to the Public Offer from the Placing, increasing the total number of SO Shares available under the Public Offer to 252,176,000, representing 30% of the SO Shares initially available under the Share Offer.

For the avoidance of doubt and notwithstanding the foregoing, if (i) there are less than 300 Accepted Offer Applications for the Public Offer; or (ii) less than 112,078,000 Public Offer Shares (being 50% of the number of the Public Offer Shares initially offered for subscription under the Public Offer) will be allotted and issued to the New Public Shareholders or his/her/its nominee(s) upon Completion; or (iii) the number of the SO Shares to be allotted and issued to the three largest New Public Shareholders upon Completion will exceed 112,078,000 Public Offer Shares (being 50% of the number of the Public Offer Shares initially offered for subscription under the Public Offer), there will be no reallocation between the Public Offer and the Placing and the Share Offer will lapse.

In addition, the Bookrunner(s) may reallocate SO Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of SO Shares that may be reallocated to the Public Offer following such reallocation shall be the lesser of (i) not more than double the initial allocation to the Public Offer; and (ii) not more than 30% of the total SO Shares (i.e. 252,176,000 SO Shares).

In all cases, the number of SO Shares allocated to the Placing will be correspondingly reduced. In addition, the bookrunner(s) may in its sole and absolute discretion to reallocate the SO Shares available under the Placing to the Public Offer so as to satisfy valid applications under the Public Offer. The SO Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the bookrunner(s).

Underwriting Arrangements

The Share Offer will be managed by one or more corporation(s) licensed by the SFC and permitted to carry out type 1 (dealing in securities) regulated activity under the SFO. The Public Offer and the Placing will be fully underwritten by the Public Offer Underwriter(s) and the Placing Underwriter(s), respectively. The Company is expected to enter into (i) the Public Offer Underwriting Agreement with the Public Offer Underwriter(s) shortly before the Share Offer Prospectus is despatched; and (ii) the Placing Agreement with the Placing Underwriter(s) shortly upon the close of the Public Offer period.

SO Underwriting Agreements

The Company and the Public Offer Underwriter(s) will enter into the Public Offer Underwriting Agreement shortly prior to the issue of the Share Offer Prospectus while the Company, the Investors and the Placing Underwriter(s) will enter into the Placing Underwriting Agreement after the close of the Public Offer period. The SO Underwriter(s) are independent from the Investors and their respective concert parties and none of them is a Creditor nor has any shareholding or beneficial interests in any member of the Target Group and the Group as at the Latest Practicable Date. Further, subscribers of the Public Offer and placees to be procured by the Placing Underwriter(s) under the Placing (other than Preferential Offer) will be Independent Third Parties and not existing Shareholder. It is expected that the terms of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement will contain such terms and conditions customary for initial public offerings in Hong Kong. Further details of the underwriting arrangements for the Share Offer will be contained in the Share Offer Prospectus to be issued by the Company.

Others

The Company has published announcements in respect of the Proposed Restructuring in order to update all Shareholders of the Company. Since the appointment of the Provisional Liquidators, despite the Provisional Liquidators have exhausted all feasible means of communication to contact the Existing Substantial Shareholder, such as via mail and telephone calls during the period from February 2015 to November 2019, the Existing Substantial Shareholder has not been contactable. Based on the information available, the Existing Substantial Shareholder is not a member of the Concert Group and is not involved in, or interested in any of the transactions contemplated by the Restructuring Framework Agreement including the Share Offer, the Acquisition and/or the Whitewash Waiver, other than solely in his capacity as a Shareholder as at the date of this letter. Hence, based on the information available, it is concluded that the Existing Substantial Shareholder is an Independent Shareholder and a Whitewash Independent Shareholder. The Investors also confirms that the Existing Substantial Shareholder is neither an associate nor a concert party to the Concert Group and is not involved in or interested in the transactions contemplated by the Restructuring Framework Agreement.

As at the Latest Practicable Date, the Company has not received any information from the Existing Substantial Shareholder of its intention to take up the Reserved Shares under the Preferential Offer.

The Company's Placing Shares (including the Reserved Shares), the Public Offer Shares and the Consideration Shares will be issued pursuant to a specific mandate to be obtained upon approval by the Shareholders or Independent Shareholders, as the case may be, at the EGM.

5. REASONS FOR AND BENEFITS OF THE SHARE OFFER AND THE USE OF PROCEEDS

The Share Offer forms part of the Proposed Restructuring seeking the resumption of trading in the Shares, which has been suspended since 25 March 2014.

The gross proceeds from the Share Offer are expected to amount to approximately HK\$201.7 million. Out of the gross proceeds from the Share Offer, approximately HK\$100.8 million (representing such proceeds raised from the Public Offer and the Company's Placing (including the Preferential Offer)) shall be receivable by the Company and approximately HK\$100.9 million (representing such proceeds raised from the Investors' Placing) shall be receivable by the Investors.

Out of the approximately HK\$100.8 million gross proceeds receivable by the Company from the Public Offer and the Company's Placing (including the Preferential Offer), HK\$90.0 million will be paid into the Creditors Schemes. The remaining balance of approximately HK\$10.8 million will be retained as the working capital of the Enlarged Group, including but not limited to partially settle the Company's professional fees and expenses, which are in total HK\$35 million. Any remaining professional fees and expenses of the Company will be borne by the Investors.

Given the financial position of the Group, a rescue plan incorporating the Acquisition of the Target Group, supported with funds raised by the proceeds of the Share Offer, which discharges and releases in full all liabilities of and claims against the Company (other than intercompany liabilities) under the Creditors Schemes is in the best interests of the Company, the Shareholders and the Creditors as a whole. The proceeds from the Share Offer will fund the Creditors Schemes and strengthen the financial position and the capital base of the Company. The Preferential Offer under the Company's Placing also provides an opportunity for the Qualifying Lumena Shareholders to participate in the future growth and development of the Group upon successful restructuring of the Company.

The Company is currently insolvent, with very limited prospect of recovery for Shareholders. The Company's listing status has been actively marketed and the Proposed Restructuring represents the best offer received. Considered the factors above, the Provisional Liquidators consider that the terms of the Restructuring Framework Agreement are on normal commercial terms and are fair and reasonable and the entering into the Restructuring Framework Agreement is in the best interests of the Company, the Shareholders and the Creditors as a whole.

6. THE ACQUISITION

Pursuant to the Restructuring Framework Agreement, the Company has conditionally agreed to purchase, and the Investors have conditionally agreed to sell, the Sale Equity Interest at a total Consideration of approximately HK\$538.0 million.

Set out below are the salient terms of the Acquisition:

Parties to the Acquisition

- (i) the Company, being the purchaser;
- (ii) the Investors, being the vendors; and
- (iii) the Provisional Liquidators.

The Investors are Independent Third Parties.

Asset to be acquired

Upon completion of the reorganisation of the Target Group, the Target Company will become the holding company of the Target Group. The asset to be acquired under the Restructuring Framework Agreement is the Sale Equity Interest, being the entire equity interest of the Target Company. Upon the completion of the Acquisition, the Target Company will become a wholly owned subsidiary of the Company.

Consideration

Pursuant to the restructuring framework agreement entered into among the Company, the Provisional Liquidators and the Investors on 23 September 2016, the original consideration was approximately HK\$717.3 million. On 29 December 2017, the Company, the Provisional Liquidators and the Investors entered into an amendment letter, pursuant to which the Consideration has been amended to HK\$538.0 million. The Consideration was arrived at after arm's length negotiations between the parties to the Restructuring Framework Agreement 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, details of which has been disclosed in the audited financial statements on the Target Group as set out in Appendix I to this circular; (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 above factors, including but not limited to, combined net asset value as at 31 May 2019, the audited net profit of the Target Group for the year ended 31 December 2018 and the five months ended 31 May 2019 were subsequently re-examined to ensure there are no material changes which would change the determination of the consideration. The aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of the Acquisition.

Based on the audited financial information of the Target Group as at 31 May 2019, it had a combined net asset valued approximately SGD16.3 million (equivalent to approximately HK\$94.54 million). For the years ended 31 December 2016, 31 December 2017, 31 December 2018 and the five months ended 31 May 2019, the Target Group recorded an audited net profit of SGD6.8 million (equivalent to approximately HK\$38.9 million), SGD2.3 million (equivalent to approximately HK\$13.3 million), SGD3.2 million (equivalent to approximately HK\$18.6 million) and loss of SGD0.4 million (equivalent to approximately HK\$1.74 million) respectively.

Please refer to the sections headed "Financial Information of the Target Group" in this circular and "Accountant's Report of the Target Group" as set out in Appendix I to this circular for further information of the Target Group.

Based on the information provided by the Investors, the market for the industry of the precast concrete wall panels is a significant component of the construction industry in Singapore and building materials such as precast concrete wall panels are commonly used in construction projects and, as such, the demand for building materials is positively correlated with the demand for construction projects.

Taking the above into consideration and in view of the current status of the Company, the Consideration of the Acquisition is fair and reasonable with reference to the total benefit attributed to the Shareholders.

The Consideration of the Acquisition is different from the market capitalization of the Enlarged Group upon the completion of the Proposed Restructuring. Market capitalization is one of the measures of the Company's equity value, which is derived from the share price per New Share and the total number of Shares outstanding. The financial position of the Enlarged Group shall comprise, among others, the existing financial position of the Company and the

effects of the transactions contemplated under the Proposed Restructuring including the Acquisition. Accordingly, the market capitalization so derived only represents the equity value of the Company upon completion of Proposed Restructuring and therefore may differ from the Consideration to the Investors by the Company, which may also be affected by factors other than the Company's equity value, including the market value of debt obligations, capital structure, risk premium and liquidity of shares.

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 2,241,543,744 Consideration Shares to be allotted and issued at the Consideration Price of HK\$0.24 each represent:

- (i) approximately 1,600% of the issued shares of the Company upon the completion of the Capital Reorganisation;
- (ii) approximately 400% of the issued shares of the Company upon the completion of the Capital Reorganisation as enlarged by the allotment and issue of the Company's Placing Shares (including the Reserved Shares) and the Public Offer Shares; and
- (iii) approximately 80% of the issued shares of the Company upon the completion of the Capital Reorganisation as enlarged by the allotment and issue of the Company's Placing Shares (including the Reserved Shares), the Public Offer Shares and the Consideration Shares.

The Consideration Price of HK\$0.24 each represents a discount of approximately 99.52% to the theoretical quoted price of HK\$50.00 per New Share (the quoted price of HK\$1.25 per Share has been adjusted to reflect the effects of the Capital Reorganisation) on 24 March 2014, being the last trading day before the suspension of trading in the Shares since 25 March 2014.

The Consideration Price was determined after arm's length negotiations, taking into account (i) the financial performance and financial position of the Group; (ii) the fact that trading in the Shares on the Stock Exchange has been suspended since 25 March 2014; (iii) the combined net asset value of the Target Group as at 30 June 2017 and the financial performance of the Target Group, details of which has been disclosed in the audited financial statements on the Target Group as set out in Appendix I to this circular; (iv) the business prospects of the Target Group; (v) the earning multiples of companies engaged on similar line of business to the Target Group located in Singapore and Malaysia; and (vi) the market leader position and significant presence of the Target Group in the precast hollow-core concrete wall panel industry in Singapore. The above factors, including but not limited to, combined net asset value as at 31 May 2019, the audited net profit of the Target Group for the year ended 31 December 2018 and the five months ended 31 May 2019 were subsequently re-examined to ensure there are no material changes which would change the determination of the Consideration Price.

The Consideration Shares will be issued pursuant to a specific mandate to be obtained upon approval by the Independent Shareholders at the EGM.

Save as disclosed above, no other consideration, compensation or benefit has been or will be paid by the Concert Group to the Company, its substantial Shareholder or any party acting in concert with any of them.

Conditions for the Acquisition

The Acquisition is conditional upon, inter alia, the fulfilment of the conditions set out under the paragraph headed “Conditions Precedent to the Restructuring Framework Agreement” in this section.

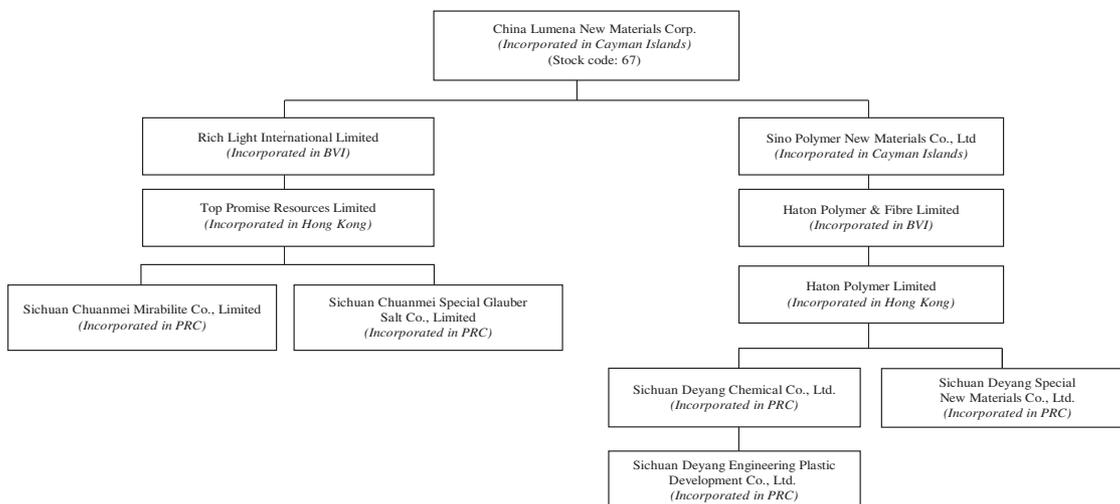
The completion of the Share Offer and the Acquisition, which form part of the Proposed Restructuring will be inter-conditional to each other.

Reasons and benefit for the Acquisition

The Acquisition forms part of the Proposed Restructuring seeking the resumption of trading in the Shares, which has been suspended since 25 March 2014.

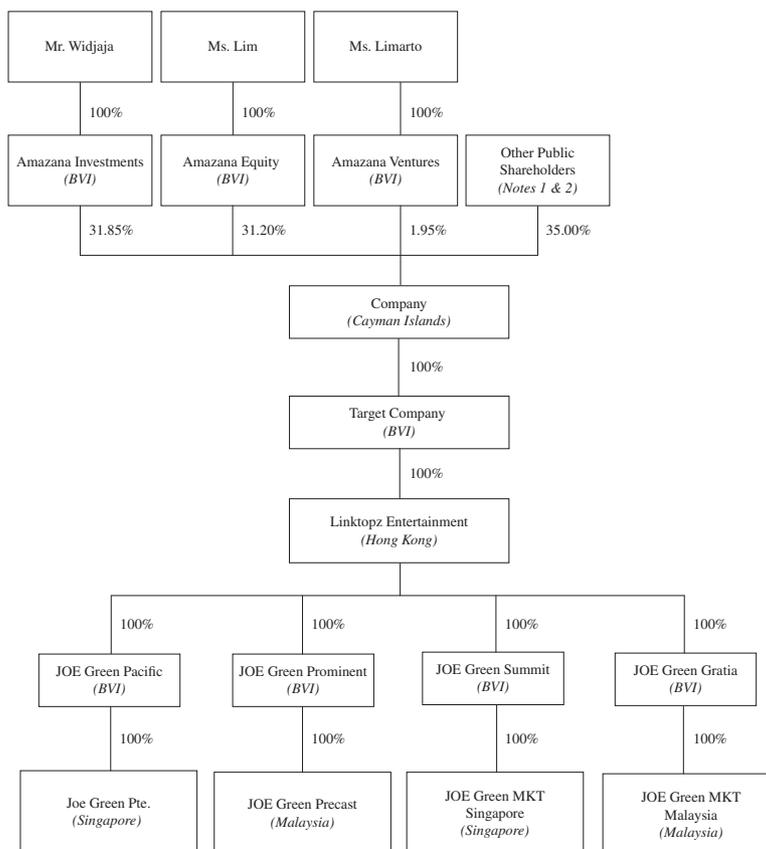
Upon the completion of the Acquisition, the Group will have a sufficient level of operation while the proceeds from the Share Offer will improve the financial and liquidity position of the Group. Details of the financial effects of the Proposed Restructuring which are set out in the section headed “Financial effects of the Proposed Restructuring” in this letter. The terms of the Acquisition are considered to be fair and reasonable and in the best interests of the Company, its Shareholders and Creditors as a whole.

Organisational structure of the Group Prior to the Proposed Restructuring



Note: all subsidiaries are wholly owned

Organisational structure of the Enlarged Group upon the Completion of the Proposed Restructuring



Notes:

- (1) Upon the Completion, it is expected that not less than 980,675,388 Shares, representing approximately 35.0% of the issued share capital of the Company immediately after the completion of the Capital Reorganisation, the Share Offer and the Acquisition, will be held in the hands of the public.
- (2) Assuming all of the existing Shareholders take up their respective Preferential Entitlements to the Reserved Shares under the Preferential Offer, other public Shareholders include (i) Mr. Suo Lang Duo Ji, the Existing Substantial Shareholder, who owns 3.35% of the issued share capital of the Company; (ii) other existing public Shareholders, who own 6.65% of the issued share capital of the Company; (iii) the placees of the Company's Placing (who are Independent Third Parties and not existing Shareholders), who own 2.0% of the issued share capital of the Company; (iv) the public investors of the Company under the Public Offer, who own 8.0% of the issued share capital of the Company; and (v) placees (who are Independent Third Parties and not existing Shareholders) to be procured to acquire certain Shares from the Investors under the Investor's Placing who own 15% of the issued share capital of the Company.

PROPOSED APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

For further details of the proposed Directors and biographical and other information related to any proposed Directors, please refer to the section headed “Directors and senior management of the Enlarged Group” in this circular.

PROPOSED ADOPTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The memorandum and articles of association of the Company were last amended on 27 June 2012. In order to modernise and update as well as to bring the existing memorandum and articles of association in line with the Listing Rules and the Takeovers Code, the Company proposes to seek approval from the Shareholders by way of the special resolution to adopt the second amended and restated memorandum and articles of association in place of the existing memorandum and articles of association at the EGM.

The adoption of the second amended and restated memorandum and articles of association of the Company is subject to the passing of the special resolution by the Shareholders at the EGM.

A summary of the major provisions in the second amended and restated memorandum and articles of association is set out in Appendix VI to this circular.

CHANGE OF PRINCIPAL BUSINESS ACTIVITIES OF THE ENLARGED GROUP AFTER RESUMPTION

After completion of the Acquisition, the principal business activities of the Enlarged Group will be changed to the manufacturing and sales of precast concrete wall panel systems and the sales of related accessories.

CHANGE IN SHAREHOLDING STRUCTURE

The tables below set out the changes in the shareholding structure of the Company arising from the Capital Reorganisation, the Share Offer and the Acquisition. For illustrative purposes only, two cases, which assume (A) all of the existing Shareholders take up their respective entitlements to the Reserved Shares under the Preferential Offer; and (B) none of the existing Shareholders take up their respective entitlements to the Reserved Shares under the Preferential Offer, are shown below.

Scenario A: Assuming all of the existing Shareholders take up their respective Preferential Entitlements to the Reserved Shares under the Preferential Offer⁽¹⁾

	1	2	3	4	5
	As at the Latest Practicable Date	Immediately after the completion of the Capital Reorganisation	Immediately after the completion of the Capital Reorganisation and the Creditors Schemes	Immediately after the completion of the Capital Reorganisation, the Creditors Schemes and the Acquisition	Immediately after the completion of the Capital Reorganisation, the Creditors Schemes, the Acquisition and the Share Offer
	No. of Shares	No. of New Shares	No. of New Shares	No. of New Shares	No. of New Shares
	%	%	%	%	%
Concert Group (Amazana)					
Amazana Investments	-	0.00%	-	1,098,356,435	892,414,604
Amazana Equity	-	0.00%	-	1,075,940,997	874,202,060
Amazana Ventures	-	0.00%	-	67,246,312	54,637,628
<i>Sub-total</i>	-	0.00%	-	2,241,543,744	1,821,254,292
Substantial Shareholder					
Suo Lang Duo Ji	1,875,846,510	33.47%	46,896,162	46,896,162	93,792,324
<i>Sub-total</i>	1,875,846,510	33.47%	46,896,162	46,896,162	93,792,324
Public Shareholders					
Other existing public shareholders	3,728,012,883	66.53%	93,200,322	93,200,322	186,400,644
SO Underwriter(s)	-	0.00%	-	-	-
Placees under the Investors' Placing for restoration of public float	-	0.00%	-	-	420,289,452
Other new public shareholders under the Company's Placing	-	0.00%	-	-	56,036,968
Other new public shareholders under the Public Offer	-	0.00%	-	-	224,156,000
<i>Sub-total</i>	3,728,012,883	66.53%	93,200,322	93,200,322	886,883,064
Total	5,603,859,393	100.00%	140,096,484	2,381,640,228	2,801,929,680

Scenario B: Assuming none of the existing Shareholders take up their respective Preferential Entitlements to the Reserved Shares under the Preferential Offer⁽¹⁾

	1	2	3	4	5
	As at the Latest Practicable Date	Immediately after the completion of the Capital Reorganisation	Immediately after the completion of the Capital Reorganisation and the Creditors Schemes	Immediately after the completion of the Capital Reorganisation, the Creditors Schemes and the Acquisition ⁽⁵⁾	Immediately after the completion of the Capital Reorganisation, the Creditors Schemes, the Acquisition and the Share Offer ⁽⁵⁾
	No. of Shares	No. of New Shares	No. of New Shares	No. of New Shares	No. of New Shares
	%	%	%	%	%
Concert Group (Amazana)					
Amazana Investments ⁽⁷⁾	-	0.00%	-	0.00%	892,414,604
Amazana Equity ⁽⁸⁾	-	0.00%	-	0.00%	874,202,060
Amazana Ventures ⁽⁹⁾	-	0.00%	-	0.00%	54,637,628
<i>Sub-total</i>	-	0.00%	-	0.00%	1,821,254,292
Substantial Shareholder					
Suo Lang Duo Ji	1,875,846,510	33.47%	46,896,162	33.47%	46,896,162
<i>Sub-total</i>	1,875,846,510	33.47%	46,896,162	33.47%	46,896,162
Public Shareholders					
Other existing public shareholders	3,728,012,883	66.53%	93,200,322	66.53%	93,200,322
SO Underwriter(s)	-	0.00%	-	0.00%	140,096,484
Placees under the Investors' Placing for restoration of public float	-	0.00%	-	0.00%	420,289,452
Other new public shareholders under the Company's Placing	-	0.00%	-	0.00%	56,036,968
Other new public shareholders under the Public Offer	-	0.00%	-	0.00%	224,156,000
<i>Sub-total</i>	3,728,012,883	66.53%	93,200,322	66.53%	933,779,226
Total	5,603,859,393	100.00%	140,096,484	100.00%	2,801,929,680

Notes:

- (1) For illustrative purpose only and may not occur in the above manner.
- (2) The Company (together with the Investors) will take necessary steps to ensure its minimum public float will be maintained at all times upon completion of the transactions under the Proposed Restructuring. Please refer to section headed “Letter from the Provisional Liquidators – Fulfilment of the minimum public float requirement” in this circular.
- (3) As the Share Offer and the Acquisition, which form part of the Proposed Restructuring are interconditional to each other, the completion of the Acquisition and the issue and allotment for the Consideration Shares, Company’s Placing Shares (including the Reserved Shares) and Public Offer Shares will take place on the same day and therefore column 4 as shown in the change of the shareholding structure are for illustrative purposes and will not occur.
- (4) Shareholders and public investors should note that the above changes in shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company is subject to the SO Underwriting Agreements.
- (5) The completion of the Share Offer and the Acquisition will take place simultaneously.
- (6) Certain percentages figures included in the above table are subject to rounding adjustments.
- (7) Amazana Investments is a company wholly-owned by Mr. Widjaja.
- (8) Amazana Equity is a company wholly-owned by Ms. Lim.
- (9) Amazana Ventures is a company wholly-owned by Ms. Limarto.

Fulfilment of the minimum public float requirement

Following completion of the Placing, not less than 980,675,388 New Shares will be held in the hands of the public, representing 35% of the enlarged issued share capital of the Company immediately after completion of the Share Offer and the Acquisition. Accordingly, the Company shall restore the more than 25% minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.

FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

The Company and the Target Group have prepared the pro forma financial information based on the current knowledge, historical performance and best available information to date of the Enlarged Group.

Unaudited Pro Forma Financial Information of the Enlarged Group as at 30 June 2019 and for the Year Ended 31 December 2018

The financial impact of the Acquisition on the Company (including its effect on the earnings, assets and liabilities of the Company) is illustrated by way of the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular. This pro forma financial information is prepared on the basis set out in the notes in Appendix III to this circular and is prepared for illustrative purposes only.

As set out in the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group, the pro forma loss for the year of the Enlarged Group attributable to equity holders of the Company for the year ended 31 December 2018, as if the Completion had taken place on 1 January 2018, would have been RMB175.1 million. Such loss was mainly attributable to the recognition of deemed listing expenses of approximately RMB139.4 million, restructuring costs of approximately RMB30.8 million and professional fees and expenses of approximately RMB20.6 million.

As set out in the unaudited pro forma consolidated statement of financial position of the Enlarged Group, assuming the Completion had taken place on 30 June 2019, the pro forma total assets and total liabilities of the Enlarged Group as at 31 December 2018 would have been RMB246.9 million and RMB180.2 million, respectively; resulting in a net assets position of approximately RMB66.7 million.

Consolidated Financial Information of the Group

Upon the Completion, the Acquisition will be accounted for as a reverse acquisition in accordance with IFRS under which the Target Group will be regarded as the acquirer and the Group will be regarded as the acquiree, and the reverse acquisition will be accounted for as if the Completion had taken place on 1 January 2020 or 31 December 2020, the date on which the Investors acquired 65% of the total issued share capital of the Company and after which the Target Group and the Group became under common control by the ultimate beneficial owners of the Investors.

In applying reverse acquisition accounting, the consolidated financial statements of the Group as at 1 January 2020 and for the year ending 31 December 2020 will include the carrying amounts of the results, assets and liabilities of the Target Group.

THE AUDIT QUALIFICATIONS

As set out in Appendix II in this circular, the Company's auditor has issued disclaimer of opinions on the consolidated financial statements of the Company for the three years ended 31 December 2018. The audit qualifications relate to (i) scope limitation due to incomplete books and record; (ii) non-compliance with IFRSs and omission of disclosure; (iii) investments in unconsolidated subsidiaries and deconsolidation of subsidiaries; and (iv) material uncertainty related to going concern basis. Set out below are details of the aforesaid disclaimer opinions and the steps taken by the management of the Company to address the audit qualifications:

Audit qualifications

Rectifications

(1) Scope limitation due to incomplete books and record

Up to the date of this report, given the incomplete books and records and serious doubts over the reliability of the Group's accounting and other records, the Provisional Liquidators 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 three years ended 31 December 2018 for inclusion in the consolidated financial statements of the Group. Also due to incomplete books and records, the Provisional Liquidators believe that it is almost impossible, and not practical, to verify the financial information as reported in the consolidated financial statements of the Group and financial statements of the Company (including interest in subsidiaries and loans to subsidiaries in the Company – level statement of financial position) for the past years, in particular prior to the appointment of the Provisional Liquidators on 25 February 2015. The auditor was therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and disclosures of the transactions of the Group and the Company.

Upon completion of the Proposed Restructuring, those subsidiaries with uncertain opening balance will be transferred to the Scheme Company or Scheme Administrators pursuant to the Creditors Schemes and not be consolidated into the Enlarged Group for the year ending 31 December 2020, and the opening balances of the Company's financial results (the "**Opening Balance**") as at 1 January 2020 will be restated to only reflect the financial position of the Target Group as at 1 January 2020. As such, it is anticipated that all relevant audit qualifications, including those in relation to the Opening Balance, on this basis will be removed for the year ending 31 December 2020.

Audit qualifications

Given these circumstances, there were no practicable audit procedures that the auditor could perform to satisfy themselves that the information and documents presented to them for the purpose of the audit 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 and Company's financial information.

As a result, in performing the audit on the consolidated financial statements of the Group for the three years ended 31 December 2018, there were no practicable audit procedures that the auditor could perform to satisfy themselves whether the balances of assets, liabilities, contingent liabilities, commitments and reserves as at 1 January 2016, 2017 and 2018 and the corresponding figures for the three years ended 31 December 2018 were fairly stated.

(2) Non-compliance with IFRSs and Omission of Disclosures

As the consolidated financial statements of the Group have been prepared by the Provisional Liquidators 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 were unable to confirm whether the consolidated financial statements comply with International Financial Reporting Standards ("IFRSs"), or that the disclosure requirements of the Companies Ordinance and the Listing Rules have been complied with. Given these circumstances, there were no practicable audit procedures that the auditor could perform to quantify the extent of adjustments that might be necessary in respect of the Group's consolidated financial statements.

Rectifications

Upon completion of the Proposed Restructuring, consolidated financial statements of the Enlarged Group will be prepared in accordance with IFRSs and in compliance with the disclosure requirements of the Companies Ordinances and the Listing Rules. It is anticipated that all relevant audit qualifications, including those in relation to the Opening Balance, on this basis will be removed for the year ending 31 December 2020.

Audit qualifications

Rectifications

(3) Investments in Unconsolidated Subsidiaries and Deconsolidation of Subsidiaries

Due to incomplete books and records, the Provisional Liquidators have not been able to access the books and records of all 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.

No sufficient evidence has been provided to satisfy the auditor as to whether the Company had control of these Unconsolidated Subsidiaries since 25 February 2015 and throughout the three years ended 31 December 2018. Accordingly, the auditor do not have sufficient reliable evidence to satisfy themselves as to whether it is appropriate to exclude the Unconsolidated Subsidiaries from the consolidated financial statements and the loss on deconsolidation of unconsolidated subsidiaries.

The exclusion of the financial position and results of the Unconsolidated Subsidiaries from the consolidated financial statements is a departure from the requirements of IFRS 10 “Consolidated Financial Statements”.

Due to the circumstances leading to the audit qualifications numbered 1 and 2 above, the balances of the Group’s investment in subsidiaries as at 31 December 2016, 2017 and 2018 could not be ascertained and also led to the qualified opinions (on this basis) being made in the consolidated financial statements for the three years ended 31 December 2018. Upon completion of the Proposed Restructuring, those Unconsolidated Subsidiaries will be removed from the Group and shall all be transferred to the Scheme Company or the Scheme Administrators pursuant to the terms of the Creditors Schemes, as agreed to by the Scheme Creditors, for the benefit of the Creditors. Since the matters giving rise to the audit qualifications numbered 1 and 2 will be addressed fully, it is anticipated that all relevant audit qualifications, including those in relation to the Opening Balance, will be removed for the year ending 31 December 2020.

Audit qualifications

Due to the lack of complete books and records of the Unconsolidated Subsidiaries, the auditor was also unable to obtain sufficient appropriate audit evidence and explanations to determine whether the carrying values of the investments in the Unconsolidated Subsidiaries were free from material misstatement. Any adjustments that might have been found to be necessary would have a consequential significant effect on the Group's and the Company's net liabilities as at 31 December 2016, 2017 and 2018 and the Group's results for the years then ended.

(4) Material Uncertainty related to Going Concern Basis

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. The auditor considers that the disclosures are adequate. However, in view of the uncertainty relating to the completion of the restructuring, the auditor disclaims their opinion on the basis of the material uncertainty relating to the going concern basis of preparation of these consolidated financial statements.

Rectifications

Upon completion of the Proposed Restructuring, all liabilities of the Company would be discharged under the Creditors Schemes. The Enlarged Group will maintain a positive net assets position (as indicated in the unaudited pro forma consolidated statement of financial position). The Company, after due and careful enquiry, is of the opinion, based on available information to date which includes the incomplete books and records of the Company, that following the completion of the Proposed Restructuring, after taking into account the financial resources available to the Enlarged Group, including internally generated funds, the available banking facilities and proceeds from the Public Offer and the Company's Placing (including the Preferential Offer), the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances and to the best of its knowledge. It is anticipated that all audit qualifications on this basis will be removed for the year ending 31 December 2020.

As illustrated above, the assets and liabilities leading to the audit qualifications will no longer form part of the Group after completion of the Proposed Restructuring, hence, all audit qualifications in prior years will not relate to the assets and liabilities of the Enlarged Group.

Following the completion of the Creditors Schemes, all the claims of the Creditors will be settled and discharged and the Company will be free of any material liabilities in each case as a matter of Hong Kong law and the Cayman Islands law. The asset position of the Company will be strengthened substantially following the Public Offer and the Company's Placing (including the Preferential Offer). This will also turn the Group's net liability position into a net asset position after the completion of the Proposed Restructuring.

Crowe (HK) CPA Limited, the auditors of the Company, has agreed the aforesaid description in relation to the rectification of the audit qualifications. Having considered the above, upon the Completion, and barring any unforeseen circumstances, the Company anticipates that all relevant audit qualification, including those in relation to the Opening Balances of the Company's financial results as at 1 January 2020, will be removed for the year ending 31 December 2020.

INFORMATION OF THE GROUP

The Company's principal activity is investment holding. The Group principally engages in the processing and sale of powder thenardite, specialty thenardite and medical thenardite and in the manufacturing and sale of PPS (Polyphenylene sulfide) products.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI, and will become the holding company of the Target Group immediately upon completion of the Reorganisation in preparation for the Acquisition. Please refer to the section headed "History and background of the Target Group" of this circular for details of the Reorganisation.

The Target Group principally engages in manufacturing and sale of varieties of standardised and customised green precast concrete wall panel system and sale of related accessories with headquarter in Singapore and production plant in Johor Bahru, Malaysia. Please refer to the section headed "Business of the Target Group" in this circular for further details on the business of the Target Group.

Financial information of the Target Group

For each of the three years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, the audited combined revenue of the Target Group was approximately, S\$24.9 million, S\$19.6 million, S\$21.5 million and S\$5.7 million respectively. The audited combined net asset value of the Target Group (including net asset value attributable to non-controlling interests) as at 31 May 2019 was approximately S\$16.2 million.

Please refer to the sections headed "Financial Information of the Target Group" in this circular and "Accountant's Report of the Target Group" as set out in Appendix I to this circular for further information of the Target Group.

INFORMATION OF THE INVESTORS

Mr. Widjaja, Ms. Lim and Ms. Limarto are the proposed executive Directors immediately following the completion of the Acquisition. Please refer to the section headed “Proposed appointment of Directors and senior management” for details of biographical information of Mr. Widjaja, Ms. Lim and Ms. Limarto.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the Latest Practicable Date.

RISKS ASSOCIATED WITH THE ACQUISITION AND THE ENLARGED GROUP

The risks relating to the Acquisition, the business of the Enlarged Group, the business, legal and regulatory environment for construction materials in Singapore and the general economic, legal and political climate in Singapore are set out in the section headed “Risk Factors” in this circular.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes:

- (a) a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the Acquisition; and
- (b) a reverse takeover of the Company under Rule 14.06(6)(b) of the Listing Rules on the basis that the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and the Investors gaining control (as defined in the Takeovers Code) of the Company.

The Acquisition will therefore be 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. Such new listing application is required to comply with all the requirements under the Listing Rules, in particular the requirements under Chapters 8 and 9 of the Listing Rules.

Exceptional circumstances for Rule 7.27B

Pursuant to Rule 7.27B, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. The Public Offer and the Company's Placing (including the Preferential Offer) will result in a theoretical dilution effect of 74.64%, which is over the 25% threshold as specified under Rule 7.27B. However, the Company considers there are exceptional circumstances for the Company based on the following reasons:

(a) Rescue proposal of the Company

Trading in the Shares on the Stock Exchange has been suspended since 25 March 2014, and the Company was placed in the third delisting stage pursuant to the Practice Note 17 of the Listing Rules on 24 March 2016. By its letter to the Company on even date, the Stock Exchange set out the Resumption Conditions, and the Company had to submit a viable resumption proposal to fulfil each of the aforementioned Resumption Conditions before the expiry of the third delisting stage (i.e. 7 October 2016).

Following the entering into of the Restructuring Framework Agreement on 23 September 2016, the Company submitted the Resumption Proposal to the Stock Exchange on even date, which is only two weeks before the expiry of the third delisting stage, in view to rescue the Company in averting a delisting of the Company's Shares. The Resumption Proposal was subsequently approved by the Listing Committee on 24 October 2016.

If the transactions proposed in the Resumption Proposal and the Proposed Restructuring including but not limited to, the Share Offer, fail to proceed for any reason, the Stock Exchange will proceed with cancelling the Company's listing on the Stock Exchange.

(b) Adverse financial position of the Company

Since the commencement of the provisional liquidation, the Group has minimal, or even no operation. No revenue had been generated by the Group and continued losses were recorded for the three years ended 31 December 2018 and the six months ended 30 June 2019. As disclosed in Appendix II to the circular, the Company recognised a substantial deconsolidation loss of approximately RMB21.4 billion for the year ended 31 December 2015 due to the deconsolidation of the Unconsolidated Subsidiaries, and the net liabilities of the Group reached RMB7.5 billion as at 30 June 2019. As disclosed in the paragraph headed "The Creditors Schemes" in this letter, the Company has an estimated total amount of claims of approximately US\$1,161 million as at the Latest Practicable Date. Given the above, the Group is currently insolvent and in financial difficulties, with very limited prospect of recovery. Therefore, the Share Offer, which forms part of the rescue proposal, is essential to be conducted for the resumption of trading of the Company's shares.

(c) Interest of Existing Shareholders

The Share Offer forms an integral part of the Proposed Restructuring as it provides funds to discharge Company's liabilities under the Creditors Schemes. In addition, the Preferential Offer under the Company's Placing also allows the existing Shareholders to reduce the dilution effect on their shareholding under the Proposed Restructuring.

Having considered the fairness of the transactions, the Share Offer Price and the Consideration Price are identical, and hence the existing Shareholders will be given an opportunity to invest in the Enlarged Group on the same price per New Share as the Investors.

Given that the trading of the Shares on the Stock Exchange has been suspended for since 25 March 2014, there would be practicable difficulties in raising funds via the Share Offer without a substantial discount.

It should also be noted that if the Share Offer fails to proceed, the Creditors Schemes will not be funded and in such case, the residual value of the Company, after repayment of its liabilities, to be realised by the Shareholders upon liquidation of the Company would be very minimal.

The Company considers the Share Offer to be essential in the rescue proposal of the Company. Despite exceeding the 25% theoretical value dilution threshold, the Company is of the view that the Share Offer is in the interest of the Company and its Shareholders as a whole.

In light of the above, there are practical difficulties to issue the Public Offer Shares and the Company's Placing Shares without a substantial discount. Further, the Proposed Restructuring, *inter alia*, the Share Offer, will discharge all claims and liabilities against the Company and will facilitate the resumption of the Company when completed. Hence, the Company considers, and the Stock Exchange is satisfied, that there are exceptional circumstances for the Company to undertake the Share Offer resulting in a theoretical dilution effect of over 25%.

The Public Offer and the Company's Placing (including the Preferential Offer) will be subject to the approval by the Independent Shareholders at the EGM by way of poll.

As the passing of the ordinary resolution in relation to the Capital Reorganisation at the EGM is one of the conditions precedent to completion of the Share Offer and the Acquisition, Shareholders who are required to abstain from voting on the Proposed Restructuring and/or the Whitewash Waiver and the transactions contemplated thereunder are also required to abstain from voting on the resolution to approve the Capital Reorganisation at the EGM.

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

Save as disclosed above, to the best of the Provisional Liquidators' knowledge, information and belief, and having made all reasonable enquiries, none of the other Shareholders and its associates is required to abstain from voting on any resolutions to be proposed at the EGM.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Consideration Shares, the Company's Placing Shares (including the Reserved Shares) and the Public Offer Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash Waiver

As at the Latest Practicable Date, the Concert Group does not own or control any existing Shares or any convertible securities, warrants, options or derivatives in respect of the existing Shares. Upon Completion, the Concert Group will, in aggregate, hold approximately 65% of the issued share capital of the Company after the Capital Reorganisation and as enlarged by the Company's Placing Shares, the Public Offer Shares and the Consideration Shares. As such, Amazana Investments, Amazana Equity and Amazana Ventures would be required to make a mandatory general offer for all the shares of the Company (other than those already owned or agreed to be acquired by Amazana Investments, Amazana Equity and Amazana Ventures) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Investors have made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that it will grant the Whitewash Waiver subject to the approval of the Whitewash Independent Shareholders at the EGM by way of poll, in which parties of the Concert Group and those who are involved in or interested in the Proposed Restructuring will abstain from voting on the resolution(s) relating to Whitewash Waiver. Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, the Whitewash Waiver and the underlying transactions of the Proposed Restructuring shall be approved by at least 75% and more than 50% respectively of the independent votes that are cast by the Whitewash Independent Shareholders, either in person or by proxy at the EGM. If the Whitewash Waiver is granted by the Executive and approved by the Whitewash Independent Shareholders, Amazana Investments, Amazana Equity and Amazana Ventures will not be required to make a mandatory offer which would otherwise be required as a result of the acquisition of the Consideration Shares. If the Whitewash Waiver is not granted, the Restructuring Framework Agreement will lapse and consequentially the SO Underwriting Agreements and the Share Offer will also lapse.

If the Whitewash Waiver is granted by the Executive and approved by the Whitewash Independent Shareholders at the EGM by poll, the maximum potential holding of voting rights of the Company held by the Investors and parties acting in concert with it resulting from the Acquisition will exceed 50% of the voting rights of the Company. The Investors may further increase its holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

As at the date of this circular, the Company does not believe that the Acquisition gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Acquisition does not comply with other applicable rules and regulations.

CONSENT TO EXCLUDE ALL DIRECTORS FROM THE RESPONSIBILITY STATEMENT

Pursuant to Rule 9.3 of the Takeovers Codes, all documents issued by the Company in relation to the Proposed Restructuring should state that all Directors jointly and severally accept full responsibility for the accuracy of information contained in the document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the document have been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in the document misleading.

On 25 February 2015, the Company was placed into Provisional Liquidation. The Provisional Liquidators have been duly appointed to manage and to take responsibility for the affairs and the assets of the Company. The Order of the Grand Court dated 26 May 2015 suspended all of the Directors' powers in relation to the Company, save for certain residual powers. Given the Order of the Grand Court dated 26 May 2015 and the Directors' inability to participate in matters relating to the Proposed Restructuring, the Company has applied to the Executive, and the Executive has granted consent pursuant to Rule 9.4 of the Takeovers Code to exclude all Directors from the responsibility statement given in all documents issued or to be issued by the Company in relation to the Proposed Restructuring.

EGM

A notice of the EGM to be held at 2:00 p.m. on Monday, 23 December 2019 at Room 1804, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong is set out on pages EGM-1 to EGM-7 of this circular for the purpose of considering and, if thought fit, approving the change of the Company's name, the Capital Reorganisation, the Acquisition, the Creditors Schemes, the Whitewash Waiver, the Share Offer, the Restructuring Framework Agreement, the proposed appointment of the proposed Directors and the Articles Adoption. Voting on the resolutions at the EGM will be taken by poll.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending, and voting in person at the EGM or any adjournment thereof if you so desire.

GENERAL

It should be noted that the transactions contemplated are subject to a number of conditions, which may or may not be fulfilled. In addition, the approval of the New Listing Application and the Whitewash Waiver may or may not be granted. Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

RECOMMENDATIONS

The Company is currently insolvent, with very limited prospect of recovery for Shareholders. The Company's listing status has been actively marketed and this Proposed Restructuring represents the best offer received. Accordingly, the Provisional Liquidators consider that the terms of (i) the Capital Reorganisation; (ii) the Acquisition; (iii) the Creditors Schemes; (iv) the Whitewash Waiver; (v) the Share Offer; (vi) the Restructuring Framework Agreement; (vii) the proposed appointment of proposed Directors; and (viii) the Articles Adoption are fair and reasonable, and in the interests of the Company, the Creditors and the Shareholders as a whole. The Provisional Liquidators accordingly recommend (i) the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Capital Reorganisation, the Acquisition, the Creditors Schemes, the Restructuring Framework Agreement and the Share Offer; (ii) the Whitewash Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Whitewash Waiver; and (iii) the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the proposed appointment of proposed Directors and the Articles Adoption.

Lego Corporate Finance has been appointed as the Independent Financial Adviser to advise the Shareholders in this regard. The text of the letter from the Independent Financial Adviser, containing its advice to the Shareholders and the principal factors and reasons which it has taken into account in arriving at its advice, is set out on pages 77 to 109 of this circular.

FURTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular, which contain further information on the Target Group and other information required to be disclosed under the Takeovers Code and the Listing Rules.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Dealing in the shares of the Company on the Main Board of the Stock Exchange has been suspended since 25 March 2014 and will remain suspended until further notice.

The publication of this circular does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the resumption of trading in Shares. The Company will keep the public informed of the latest developments by making further announcements as and when appropriate.

For and on behalf of
China Lumena New Materials Corp.
(In Provisional Liquidation)

A handwritten signature in black ink, consisting of a long horizontal stroke with a small vertical tick at the end, and a shorter diagonal stroke crossing it from the top left.

Man Chun So
Yat Kit Jong
Simon Conway
Joint Provisional Liquidators
Acting as agents without personal liability