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萬隆控股集團有限公司  
Ban Loong Holdings Limited  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 30)**

**SUPPLEMENTAL ANNOUNCEMENT RELATING TO  
ADDITIONAL INFORMATION ON AUDITORS' MODIFIED OPINIONS  
AND  
FURTHER UPDATE ON THE PROGRESS OF LEGAL ACTIONS**

Reference is made to (a) the results announcement of Ban Loong Holdings Limited (the “**Company**”) dated 29 June 2018 (the “**Results Announcement**”); and (b) the Company’s announcements dated 15 January 2017, 22 January 2017, 1 February 2017 and 31 May 2018 (the “**Litigation Announcements**”) in relation to the First Civil Ruling, the Second Civil Judgment, the Enforcement Order, the Purported Transfer, the deconsolidation of the De-consolidated Subsidiaries and the rejection of the Re-trial Application (collectively, the “**Incidents**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Results Announcement and the Litigation Announcements.

**ADDITIONAL INFORMATION ON AUDITORS' MODIFIED OPINIONS**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to draw the attention of the Shareholders to the section headed “Basis for Disclaimer of Opinion” as contained in the Independent Auditor’s Report dated 29 June 2018 issued by the Company’s auditors, HLB Hodgson Impey Cheng Limited, now contained in pages 20 to 23 of the Results Announcement. On the basis set out therein, our auditors do not express an opinion on the consolidated financial statements of the Group for the year ended 31 March 2018.

As explained in the Basis for Disclaimer of Opinion, the auditors' modified opinion was principally caused by the Second Civil Judgment, the Enforcement Order and the purported transfer by Henan Guiyuan of 90% equity interest in Yin Di Mining previously held by Jinfuyuan Mining, a subsidiary of the Group. Given the above circumstances, the Group faced obstructions in exercising control over, and gathering information and documents regarding, the De-consolidated Subsidiaries, regarded that it has lost control over the entire operations of the De-consolidated Subsidiaries and determined to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries as at and for the years ended 31 March 2017 and 2018 from the Group's consolidated financial statements.

As disclosed in the Company's announcement dated 1 February 2017, the Company has filed criminal complaints to pursue after certain wrong-doers and commenced civil actions to uphold the Company's right with the view to recovering the control over the Mining Assets. As these legal actions are still ongoing, the Company is not yet in a position to assess the impact of the Incidents over the operations and financial position of the Group. Due to the inability to obtain sufficient appropriate audit evidence and/or to carry out effective audit confirmation, inadequate documentary evidence and in the absence of alternative audit procedures, our auditors are unable to satisfy themselves that the Group's financial statements are free from material misstatements so far as the deconsolidation and the De-consolidated Subsidiaries are concerned.

The auditors' disclaimer of opinion is based on the loss of control over the De-consolidated Subsidiaries which is beyond the control, and without any fault, of the Company and the Directors. After considering the evidence and documents collected by the Company's management regarding the Incidents, the Board and the audit committee were satisfied that the Incidents was caused by unlawful conduct and acts carried out by ex-officers of the Group at the subsidiary level against the order and without the authority of the Company's headquarter management and the Board. Accordingly, the Board and the audit committee agreed with the views of the management and the auditors regarding the deconsolidation and the De-consolidated Subsidiaries. The basis of the disclaimer of opinion does not directly relate to any judgmental areas, and there is no disagreement by the Board, the management nor the audit committee with the position taken by the Company's auditors regarding the disclaimer of opinion.

The Board cannot predict the timing and outcome of the criminal and civil actions initiated by the Company against Henan Guiyuan and other individuals. Given that these legal actions are still ongoing, the Company considered that it was pre-mature at this stage to predict whether it would be necessary to carry forward the disclaimer of opinion to the Company's financial statements for the year ending 31 March 2019, as this may depend on many factors including the development of the criminal and civil actions relating to the Mining Assets during the year ending 31 March 2019.

The Directors will continue to use their best efforts to protect and uphold the Company's best interest and seek to recover the Mining Assets through the Court actions in China, and to pursue after any suspected wrong-doers through the criminal complaint in China. However, the outcome of these legal actions is beyond the control of the Board, and there can be no assurance as to the outcome of these legal actions. In particular, it is uncertain as to whether any of these legal actions will reach their final outcomes by 31 March 2019.

## **FURTHER UPDATE ON THE PROGRESS OF LEGAL ACTIONS**

### **The First Civil Ruling**

The Company has instructed its PRC legal advisers to search the Court papers relating to the First Civil Ruling. Based on the documents revealed by the Company, the purported disputes leading to the First Civil Ruling appeared to relate to small claims of alleged construction costs allegedly incurred and owed by Yin Di Mining for mining construction services allegedly performed by the plaintiffs in the outstanding amount of approximately RMB500,000 (for which the Group expressly denies responsibility) prior to the point of losing control by the Group. Due to the small disputed sum, the Company has instructed its PRC legal advisers to focus on the Second Civil Judgment. Due to the fact that the Group has effectively lost control over Yin Di Mining, the Group is only in the position to follow up with the First Civil Ruling if and when the Company regains control over Yin Di Mining through legal actions. However, given the small disputed sum and the fact that the Company has already fully de-consolidated the De-consolidated Subsidiaries in its financial statements for the year ended 31 March 2017, the Company does not expect the First Civil Ruling to have any significant impact on the operations and financial position of the Group.

### **The Second Civil Judgment and the Enforcement Order**

As disclosed in the Company's first announcement dated 15 January 2017 regarding the Incidents, Henan Guiyuan alleged that Jinfuyuan Mining failed to honour the full payment of an alleged transfer price of RMB28 million for "95%" equity of Yin Di Mining pursuant to an alleged "Equity Transfer Agreement". As disclosed in the Litigation Announcements, the Group categorically denies all allegations of Henan Guiyuan. Based on the Company's

findings, certain documents produced to the Zhengzhou Court during the Court cases leading to the Second Civil Judgment and the Enforcement Order were never seen by the Group before and were contrary to the Group's knowledge of the title history of Yin Di Mining. In particular, based on the Company's checking of the records of the State Administration for Industry and Commerce in China, Henan Guiyuan had never been registered as an equity holder of Yin Di Mining before the Company's acquisition of 60% interest of Jun Qiao Group (the "**Jun Qiao Acquisition**"). Based on the findings of the legal due diligence conducted by the Company's PRC legal advisers over the title and ownership of the Target Group and the Mining Assets at the time of the Jun Qiao Acquisition, Jinfuyuan Mining acquired 90% equity of Yin Di Mining (instead of 95% as alleged by Henan Guiyuan) from 河南省亞港實業有限公司 (Henan Ya Gang Enterprise Co., Ltd.) and Zhang Guobei (張國北) for the total consideration of RMB450,000 (instead of RMB28 million as alleged by Henan Guiyuan).

The Company has in March 2017 commenced legal actions in the PRC to apply for a re-trial of the litigations leading to the Second Civil Judgment and the Enforcement Order (the "**Re-trial Application**") with the view to protecting and upholding the Group's legitimate interests and seeking to recover the control over its 90% equity interest in Yin Di Mining (and hence the Mining Assets). On 28 September 2017, the Re-trial Application was accepted by The Higher People's Court of Henan Province ("**Henan High Court**"). However, as disclosed in the Company's announcement dated 31 May 2018, the Henan High Court rendered a ruling dated 14 May 2018 that the Re-trial Application be rejected.

As disclosed in the Company's announcement dated 31 May 2018, the Group is seeking opinion from its PRC legal advisers and intends to make an appeal or review application on the Second Civil Judgment, the Enforcement Order and/or the Re-trial Application. The Company will make all lawful efforts to protect and uphold its rights and interests. Further announcement(s) will be made by the Company if there are any major developments on the Court case as and when appropriate. In the meantime, as the carrying amounts of assets and liabilities of, and non-controlling interests in, the De-consolidated Subsidiaries were already de-consolidated and derecognized from the consolidated financial statements of the Group for the year ended 31 March 2017 with effect from 1 April 2016, the rejection of the Re-trial Application is not expected to cause any further impact on the Group's financial results and position.

### **Criminal complaint**

As disclosed in the Company's announcement dated 15 January 2017, it appeared to the Company that certain individuals might have falsely held themselves out to have the authority to represent Jinfuyuan Mining, produced fraudulent documents to the Zhengzhou Court during the course of the litigation and/or even admitted liability for Jinfuyuan Mining without the Group's knowledge and authority.

Based on the advice of the Company's PRC legal adviser, the Company has in January 2017 filed criminal complaints with the Public Security Bureau in the PRC (the "PSB") to investigate into any unlawful activities of persons and entities during the course of the litigation leading to the Second Civil Judgment and the Enforcement Order. As disclosed in the Company's announcement dated 1 February 2017, the criminal case was accepted by the PSB on 26 January 2017. The Company has instructed its PRC legal advisers to provide all assistance to the PSB during the course of the criminal investigations. Further announcement(s) will be made if and when there is an outcome of these criminal complaints.

By order of the Board  
**Ban Loong Holdings Limited**  
**Chow Wang**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 July 2018

*As at the date of this announcement, the Board of the Company comprises:*

*Executive Directors:*

Mr. Chow Wang (*Chairman and Chief Executive Officer*)

Mr. Chu Ka Wa (*Chief Financial Officer*)

Mr. Wang Zhaoqing (*Chief Operating Officer*)

*Non-executive Director:*

Mr. Fong For

*Independent Non-executive Directors:*

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan