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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)

VOLUNTARY ANNOUNCEMENT – DISPOSAL OF 60% OF THE ISSUED SHARE CAPITAL OF JUN QIAO LIMITED

Reference is made to the announcements of Ban Loong Holdings Limited (the “**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**”) dated 15 January 2017, 22 January 2017, 1 February 2017, 31 May 2018 and 27 July 2018 (the “**Incident Announcements**”) regarding the incidents (the “**Incidents**”) on the Group’s mining assets (the “**Mining Assets**”) and the legal actions commenced by the Group in seeking to recover these Mining Assets (the “**Recovery Actions**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Incident Announcements.

THE DISPOSAL

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that on 31 January 2019, the Company entered into a sale and purchase agreement (the “**Disposal Agreement**”) with Mr. Liu Guoming (劉國明) (the “**Purchaser**”), pursuant to which the Company agreed to sell (the “**Disposal**”), and the Purchaser agreed to purchase, 60% of the issued share capital (the “**Disposal Shares**”) of Jun Qiao Limited (the “**Target Company**”), together with the related shareholders’ loans (the “**Disposal Loans**”, which together with the Disposal Shares are collectively referred to as the “**Disposal Interests**”), for a cash consideration of HK\$100,000 payable on Completion together with the Outcome Sharing Adjustment (as defined below). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

As at the date of this announcement, (i) the Company owns 60% of the issued share capital of the Target Company (a company incorporated in the British Virgin Islands with limited liability); (ii) the Target Company owns 100% of the issued share capital of Xing Hua Yuan Investment Group Limited (“**Xing Hua Yuan**”, a company incorporated in Hong Kong with limited liability); and (iii) Xing Hua Yuan owns 90% of the equity interests in Zhengzhou Jinfuyuan Mining Company Limited (“**Jinfuyuan Mining**”, a sino-foreign equity joint venture established in the PRC with limited liability). Upon Completion, the Target Company, Xing Hua Yuan and Jinfuyuan Mining (collectively, the “**Target Group**”) will cease to be subsidiaries of the Company.

The completion of the Disposal (the “**Completion**”) is not subject to any conditions precedent and is expected to take place within 20 business days after the signing of the Disposal Agreement. The Disposal Agreement provides that: (i) all litigation costs on the Recovery Actions with effect from Completion (the “**Post-completion Recovery Costs**”) shall be borne by the Purchaser; (ii) the Company shall have the right to be informed of and be consulted on the progress and conduct of the Recovery Actions after Completion; (iii) any part of the Mining Assets, compensation from the Recovery Actions and/or proceeds on the Disposal Loans successfully recovered by the Purchaser or the Target Group subsequent to Completion (after deducting the Post-completion Recovery Costs) shall be distributed between the Company and the Purchaser in the proportions of 30:70 (the “**Outcome Sharing Adjustment**”); and (iv) the Purchaser undertakes and guarantees not to dispose of its interests in the Target Group, and the Target Group undertakes and guarantees not to dispose of its interests in the Recovery Actions or the Mining Assets, in each case after Completion up to and until 9 July 2021.

REASON FOR THE DISPOSAL

As disclosed in the Incident Announcements, the Company was informed of the First Civil Ruling, the Second Civil Judgement and the Enforcement Order in January 2017 and shortly afterwards, the Company became aware of the Purported Transfer of 90% equity of Tong Bai County Yin Di Mining Company Limited (“**Yin Di Mining**”) held by Jinfuyuan Mining to Henan Guiyuan Industry Co., Ltd. (“**Henan Guiyuan**”). As a result of such Incidents, the Group considered that it lost effective control over the Mining Assets, including without limitation all property, plant and equipment of Yin Di Mining and the intangible assets on the Mining License owned by Yin Di Mining over Yin Di Mining Area with an area of approximately 1.81 square kilometres situated at Tongbai County, Henan Province, the PRC.

At the instruction of the Company, Jinfuyuan Mining commenced the Recovery Actions against Henan Guiyuan in an attempt to recover the Mining Assets and to pursue after the suspected wrong-doers. In May 2018, the Company was informed that the application made by Jinfuyuan Mining for a re-trial of the Second Civil Judgment was rejected by Henan High People's Court. While the Company has instructed Jinfuyuan Mining to continue to pursue the Recovery Actions through further appeal in the Courts in the PRC, the prospect of the Recovery Actions has become more uncertain than ever.

In disposing of 60% shareholding interest in the Target Company, the Company is effectively selling its indirect interest in Jinfuyuan Mining (i.e. the plaintiff of the Recovery Actions) and thereby selling the outcome of the Recovery Actions together with the prospect of recovering the Mining Assets and the Disposal Loans. The Directors are of the view that the Disposal can reduce the Group's continual exposure to further litigation costs, while retaining a partial interest in the prospect of the Recovery Actions. The consideration for the Disposal was determined after arm's length negotiation between the Company and the Purchaser with reference to the Purchaser's own assessment on the prospect of the Recovery Actions. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Disposal (including the arrangement on the Outcome Sharing Adjustment) are fair and reasonable and that the entering into of the Disposal Agreement is in the best interests of the Company and its shareholders (the "**Shareholders**") as a whole.

The Disposal Interests do not carry any book value in the Group's accounts at the time of the Disposal. Given that the de-consolidated subsidiaries holding the Mining Assets and the related amounts due from them were already fully impaired and the cash portion of the consideration for the Disposal is insignificant, the Company does not expect to record any substantial profit or loss on the Disposal by comparing these two figures. The actual gain or loss on the Disposal is subject to further review and may be different from the estimation above. If the Group ever receives any Outcome Sharing Adjustment subject to the positive outcome of the Recovery Actions subsequent to Completion, such additional consideration will be treated as gain on disposal and be applied for general working capital of the Group.

As a result of the de-consolidation of the Mining Assets in January 2017, the Company has already recorded in its consolidated financial statements for the year ended 31 March 2017 a loss on de-consolidation of subsidiaries of HK\$115,847,836 and an impairment of amounts due from the de-consolidated subsidiaries in the amount of HK\$71,145,551. For the two years ended 31 March 2017 and 2018, the Target Group did not contribute any revenue or significant loss to the Group. Accordingly, the Disposal will not cause any further impact to the business, operations and financial position of the Group.

GENERAL

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in mining operations, money lending and trading of goods and commodities.

As all applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the Disposal are less than 5%, the Disposal does not constitute any notifiable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis to update the Shareholders on the status of the Incidents.

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

Hong Kong, 31 January 2019

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

Executive Directors:

Mr. Chow Wang (*Chairman & 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