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BLOCKCHAIN GROUP COMPANY LIMITED
區塊鏈集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 364)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
UPDATE ON THE WINDING UP PETITIONS**

This announcement is made by Blockchain Group Company Limited (the “**Company**”) on a voluntary basis. Reference is made to the announcement of the Company dated 23 October 2018 (the “**Announcement**”) in relation to the further information of the winding up petition – HCCW 264/2018. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Company would like to provide supplemental information related to the Announcement.

FURTHER INFORMATION ON THE MOU WITH AEV

The major terms of the MOU includes the Company to settle 25% of the outstanding amount of HK\$83 million, i.e. HK\$20,750,000 on or before 30 April 2018. The rest of the outstanding amount will be settled on or before 31 December 2018. No further interest will be accrued after the date of the MOU.

The Company has not repaid the outstanding of HK\$20,750,000 on or before 30 April 2018 as the Company needs to reserve cash for potential acquisitions of ginseng and blockchain businesses. The Company has breached the term of not repaying HK\$20,750,000 on time. However, the non-repayment does not result in the termination of the MOU and does not have significant financial and other impacts to the Company. AEV has not responded to the non-repayment of HK\$20,750,000 by 30 April 2018.

CLAIM AMOUNT FILED IN THE PETITION BY AEV

The AEV's claim of approximately HK\$185.9 million is not verified by the Company as the balance of the principal amount used for the calculation as disclosed in the petition filed by AEV is not verified by the Company since the calculation method which resulted in the balance of principal amount is uncertain.

The Company will negotiate with AEV to settle the entire outstanding amount of HK\$83 million as per MOU by the end of 2018.

FURTHER INFORMATION ON THE POTENTIAL ACQUISITIONS

Up to the date of this announcement, the Company has signed the memorandum of understandings to acquire the ginseng business, which is disclosed in the announcements dated 6 July 2017, 30 September 2017, 9 April 2018, 30 July 2018 and 30 October 2018. For the potential acquisition of the blockchain business, the Company is still under negotiation of the terms before a memorandum of understanding can be signed. No other agreements have been signed by the Company related to potential acquisitions of ginseng and blockchain business.

If the Company would not execute the acquisition plan on or before December 2018, the Company will use the cash to settle the overdue debts.

If the Company executes the acquisition plan on or before December 2018, the Company will further negotiate with the creditors for another settlement arrangements, mainly to settle all overdue accrued interest payable first and then defer the settlement of principals to their respective original maturity dates (if the original maturity date is not yet due) or one year (if the original maturity date is due).

The potential acquisition will bring sufficient cash flows to the Group to repay the debts, taking into account of the further negotiations with the creditors for the settlement plans as disclosed above.

The Board wishes to emphasize that no binding agreements in relation to the above acquisition plans have been entered into as at the date of this announcement. As such, the acquisition plans may or may not proceed.

FURTHER INFORMATION ON THE BANK BALANCES OF THE GROUP

As at 31 August 2018 and 30 June 2018, the Group had bank balances of approximately HK\$1,970 million and HK\$2,059 million respectively, of which approximately HK\$1,970 million and HK\$2,059 million respectively are placed in the bank accounts in the People's Republic of China. Set out below is the breakdown of major bank balances of the Group as at 31 August 2018 and 30 June 2018:

Company name	Bank name	31 August 2018 HK\$ million	30 June 2018 HK\$ million
Fujian Daping*	Bank of Communications, Jinjiang Branch	998	973
Fujian Nature*	Bank of Communications, Jinjiang Branch	1,061	997

* Defined in the Circular dated 28 June 2013. They are the indirectly owned subsidiaries of the Company.

The Company will also keep its shareholders and investors informed of any significant development of the petitions as and when appropriate.

Shareholders and potential investors should accordingly exercise caution when dealing in the securities of the Company.

By order of the Board
Blockchain Group Company Limited
Cai Yangbo
Executive Director

Hong Kong, 16 November 2018

As at the date of this announcement, the executive Directors are Mr. Cai Zhenrong, Mr. Liu Yong, Mr. Cai Zhenyao, Mr. Cai Zhenying, Mr. Cai Yangbo, Mr. Guan Shaofeng and Mr. Sun Zhe. The non-executive Director is Ms. Ling Qin. The independent non-executive Directors are Dr. Li Mow Ming Sonny, Mr. Huang Jianwei, Mr. Dai Rongchang and Ms. Xu Liqin.