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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)**

**CONTINUING CONNECTED TRANSACTION  
NOT PREVIOUSLY DISCLOSED  
BREACH OF LISTING RULES**

Reference is made to the annual report for year ended 31 March 2021 of the Company dated 30 June 2021 in relation to an undisclosed continuing connected transaction.

Upon further enquiries and review of the records of the Group, the Group sets out the details of the following continuing connected transaction that was not previously disclosed.

Since 2019, the Group agreed to provide the Sublease and Office Services to Yunnan Baiyao Group. The amount of Relevant Expenses paid by the Group for the years ended 31 March 2020, 31 March 2021 and the period 1 April 2021 to the date of this announcement amounted to approximately HK\$10.4 million, HK\$5.1 million and HK\$2.9 million respectively. The Relevant Expenses paid on behalf of Yunnan Baiyao Group was recorded as an amount due from a shareholder in the consolidated financial statements of the Group. As Yunnan Baiyao Group is the Substantial Shareholder of the Company, as such Yunnan Baiyao Group is a connected person of the Company. Accordingly, the Sublease and Office Services constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Given that one or more percentage ratio(s) of the amount of Relevant Expenses paid by the Group during the years ended 31 March 2020, 31 March 2021 and the period from 1 April 2021 to the date of this announcement, in respect of the Sublease and Office Services exceeds 0.1% but is less than 5%, the Sublease and Office Services is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**REASONS FOR FAILURE TO IDENTIFY THE CONTINUING CONNECTED TRANSACTION AND REMEDIAL ACTIONS**

As the Group has been involved in a number of connected transactions with Yunnan Baiyao Group, due to an inadvertent error, the Directors mistakenly thought that such payment of rent on behalf of Yunnan Baiyao Group was covered under the annual caps of the Supply Agreement. The Company takes the incident seriously and has taken a number of remedial actions to prevent recurrence, including establishing a Connected Transaction Committee to monitor the ongoing compliance of connected transactions and launching additional trainings for the directors.

The sum due from Yunnan Baiyao Group was fully settled in November 2021. As at the date of this announcement, the Group was still in negotiation with Yunnan Baiyao Group in respect of the ongoing arrangement.

Reference is made to the annual report for the year ended 31 March 2021 (the “**Annual Report**”) of Ban Loong Holdings Limited (the “**Company**”) dated 30 June 2021 in relation to an undisclosed continuing connected transaction.

Upon further enquiries and review of the records of the Group, the Group sets out the details of the following continuing connected transactions that was not previously disclosed.

**A. CONTINUING CONNECTED TRANSACTIONS DURING THE TWO YEARS ENDED 31 MARCH 2021 AND THE PERIOD FROM 1 APRIL 2021 TO THE DATE OF THIS ANNOUNCEMENT**

Since 2019, the Group agreed to provide certain office services to Yunnan Baiyao Group including, sub-leasing the Property and assisting Yunnan Baiyao Group in renovating the Property and its daily operations of its office operation in Hong Kong, such as arranging for certain utilities supplies and other miscellaneous services (the “**Sublease and Office Services**”). The rental income as well as all other expenses which the Group has paid in relation to the Sublease and Office Services (the “**Relevant Expenses**”) for the years ended 31 March 2020 and 31 March 2021 and period from 1 April 2021 to the date of this announcement amounted to approximately HK\$10.4 million, HK\$5.1 million and HK\$2.9 million respectively. The Relevant Expenses paid on behalf of Yunnan Baiyao Group was recorded as amount due from a shareholder.

As Yunnan Baiyao Group is the Substantial Shareholder, as such Yunnan Baiyao Group is a connected person of the Company, the Sublease and Office Services constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Given that one or more percentage ratio(s) of the amount of Relevant Expenses incurred for the years ended 31 March 2020, 31 March 2021 and period from 1 April 2021 to the date of this announcement in respect of the Sublease and Office Services exceeds 0.1% but is less than 5%, the transaction contemplated under the Sublease and Office Services is subject to the reporting and announcement requirements but is exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. The sum due from Yunnan Baiyao Group was fully settled in November 2021 and no interest was accrued to the Group.

## **B. REASONS FOR FAILURE TO IDENTIFY THE CONTINUING CONNECTED TRANSACTION**

The Group has had a long history of business relationship with Yunnan Baiyao Group, and Yunnan Baiyao Group is also the Substantial Shareholder of the Company. On 10 May 2019, the Group entered into a supply agreement (the “**Supply Agreement**”) with Yunnan Baiyao Group Yunfeng Import & Export Trading Co., Ltd. (an indirect wholly-owned subsidiary of Yunnan Baiyao Group) regarding the supply of plant extracts and the provision of ancillary testing, logistics, import and export and related services as part of the Group’s ordinary and usual course of business. The details of such continuing connected transaction have been disclosed in the Company’s announcement dated 10 May 2019.

As the Group has been involved in a number of connected transactions with Yunnan Baiyao Group, due to an inadvertent error, the Directors mistakenly thought that such payment of rent on behalf of Yunnan Baiyao Group was covered under the annual caps of the Supply Agreement.

The amount was fully settled in November 2021 and no interest was accrued to the Group. As at the date of this announcement, the Group was still in negotiation with Yunnan Baiyao Group in respect of the ongoing arrangement.

## **C. REMEDIAL ACTIONS**

The Directors consider that the failure to comply with the Listing Rules as abovementioned was due to inadvertence. Despite the breach, outstanding amount of the Relevant Expenses has been disclosed in the annual reports of the Company.

The Company takes the incident seriously and has taken the following remedial measures:

1. the Company will establish an connected transaction committee which consists of (i) Mr. Chow Wang, the deputy chairman and chief executive officer; (ii) Mr. Luk Chi Shing, the chief financial officer; and (iii) Mr. Godman Lee, the deputy chief operation officer, as members (the “**Connected Transaction Committee**”) to further monitor relevant connected transactions, including its compliance with relevant Listing Rules and to review the ongoing compliance such as the annual caps and to update the list of connected persons on a regular basis; and
2. the Board and the senior management team of the Company has scheduled a training in December 2021 with respect to compliance with the Listing Rules and applicable laws and regulations; and, similar trainings will be carried out regularly in the future, but in any event not less than twice in any 12 month period for the next 24 months.

## D. DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Ban Loong Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code 30
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease Agreement”	the lease agreement dated 9 May 2019 entered into between Ban Loong Holdings Limited and CP (SH) Limited in relation to lease of the Property
“Lessor”	CP (SH) Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	Suite 2506, 25th Floor, ICBC Tower, Three Garden Road, Central, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Yunnan Baiyao Group”	Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司), a joint stock limited liability company established in the PRC whose A shares are listed on the Shenzhen Stock Exchange with stock code: 000538. Yunnan Baiyao Group is a substantial shareholder of the Company
“%”	per cent

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

Hong Kong, 19 November 2021

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

*Executive Directors:*

Mr. Wang Minghui (*Chairman*)

Mr. Chow Wang (*Deputy Chairman & Chief Executive Officer*)

Mr. Yin Pinyao

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