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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)

**SUBSCRIPTION FOR 908,025,360 NEW SHARES
BY YUNNAN BAIYAO HOLDINGS CO., LTD.
UNDER THE REFRESHED GENERAL MANDATE**

The Board is pleased to announce that the Company has entered into the Subscription Agreement with Yunnan Baiyao Holdings on 7 September 2017, pursuant to which the Company has conditionally agreed to issue and allot, and Yunnan Baiyao Holdings has conditionally agreed to subscribe for, 908,025,360 Subscription Shares, subject to the fulfillment of the conditions precedent set out in the Subscription Agreement, at the Subscription Price of HK\$0.22 per Subscription Share.

The 908,025,360 Subscription Shares represent (i) 20% of the total existing issued share capital of the Company as at the date of the Subscription Agreement; and (ii) approximately 16.67% of the total issued share capital of the Company as enlarged by the Subscription Shares immediately after Completion (assuming that there is no other change in the issued share capital of the Company from the date of the Subscription Agreement up to Completion).

The Subscription Price of HK\$0.22 per Subscription Share represents (i) a discount of approximately 16.98% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 17.60% to the average closing price of approximately HK\$0.267 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Subscription Agreement.

The gross proceeds and net proceeds from the Subscription amount to approximately HK\$199.77 million and HK\$199 million, respectively. The Company intends to apply the net proceeds from the Subscription: (a) as to HK\$70 million for the development of personal care products business of the Group; (b) as to HK\$70 million for the money lending business of the Group; (c) as to HK\$30 million for the development of trading business; and (d) as to HK\$29 million for the Group's general working capital.

The Subscription Shares will be issued under the refreshed general mandate granted to the Directors at the SGM of the Company held on 18 May 2017. Application will be made to the Listing Committee for listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

The Board is pleased to announce that the Company has entered into the Subscription Agreement with Yunnan Baiyao Holdings with particulars set out as follows:

THE SUBSCRIPTION AGREEMENT

Date

7 September 2017

Parties

1. The Company (as the issuer)
2. Yunnan Baiyao Holdings (as the subscriber)

Number of Subscription Shares

The 908,025,360 Subscription Shares represent (i) 20% of the total existing issued share capital of the Company as at the date of the Subscription Agreement; and (ii) approximately 16.67% of the total issued share capital of the Company as enlarged by the Subscription Shares immediately after Completion (assuming that there is no other change in the issued share capital of the Company from the date of the Subscription Agreement up to Completion).

The aggregate nominal value of the Subscription Shares is HK\$9,080,253.60.

The Subscription Shares will be issued under the refreshed general mandate to allot and issue Shares granted by the Shareholders to the Directors at the SGM of the Company held on 18 May 2017, under which the Directors are empowered to allot, issue and deal with new Shares of up to 20% of the issued share capital of the Company as at the date of the SGM, which amounted to 908,025,360 Shares. As at the date of the Subscription Agreement, no Shares have been issued by the Directors pursuant to such refreshed general mandate. Therefore, the issue and allotment of the Subscription Shares are not subject to any Shareholders' approval.

Application will be made to the Listing Committee for listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Subscription Price

The Subscription Price is HK\$0.22 per Subscription Share or HK\$199,765,579 in aggregate. The Subscription Price was arrived at after arm's length negotiations between the Company and Yunnan Baiyao Holdings with reference to, amongst other things, the recent trading prices of the Shares on the Stock Exchange.

The Subscription Price of HK\$0.22 per Subscription Share represents (i) a discount of approximately 16.98% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 17.60% to the average closing price of approximately HK\$0.267 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Subscription Agreement.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* amongst themselves and with all the existing Shares in issue at the time of allotment and issue of the Subscription Shares.

Conditions

Completion of the Subscription is conditional upon:

- (a) the obtaining of all necessary approvals and consents by Yunnan Baiyao Holdings;
- (b) Yunnan Baiyao Holdings being reasonably satisfied with the results of due diligence on the Company; and

- (c) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Yunnan Baiyao Holdings shall use its reasonable endeavours to procure that Conditions (a) and (b) above are satisfied by 5:00 p.m. on or before 31 October 2017 (the “**Long Stop Date**”). The Company shall use its reasonable endeavours to procure that Condition (c) above is satisfied by 5:00 p.m. on or before the Long Stop Date. If any of the Conditions is not fulfilled on or before 5:00 p.m. on the Long Stop Date (or such later date as the parties may agree), the Subscription Agreement shall lapse and become null and void and the parties shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

Completion

Completion shall take place within three Business Days after the day on which the last of the Conditions is satisfied or such other date as agreed by the parties in writing.

Yunnan Baiyao Holdings will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Subscription.

INFORMATION ABOUT YUNNAN BAIYAO HOLDINGS

Yunnan Baiyao Holdings is a limited liability company established in the PRC and the 41.52% holding company of 雲南白藥集團股份有限公司 (Yunnan Baiyao Group Co., Ltd.) (“**Yunnan Baiyao Group**”), 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 the 40% holding company of 雲南白藥清逸堂實業有限公司 (Yunnan Baiyao Qingyitang Industry Co., Ltd.) (“**Yunnan Baiyao Qingyitang**”), the 40% shareholder of Yunnan Baiyao Qingyitang Hong Kong Limited (雲南白藥清逸堂香港有限公司) (“**Yunnan Baiyao Qingyitang HK**”), a 60%-owned subsidiary of the Company. The total investment made by the Company in Yunnan Baiyao Qingyitang HK was approximately HK\$1.38 million. Yunnan Baiyao Qingyitang HK was incorporated only in April 2017 and its total assets, profits and revenue are all under 5% as compared to the Company. Under Rule 14A.09 of the Listing Rules, (a) Yunnan Baiyao Qingyitang HK is an “insignificant subsidiary” of the Company; and (b) the definition of “connected person” does not include the directors or substantial shareholders of the listed issuer’s insignificant subsidiary. Therefore, Yunnan Baiyao Holdings is not a connected person of the Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the Subscription Agreement, each of Yunnan Baiyao Holdings and its ultimate beneficial owners is a third party independent of the Company and its connected person (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF THE PROCEEDS

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

Further to the disclosure in the Company's Annual Report 2016/2017, (a) the net proceeds of the January 2017 Placing in the amount of HK\$57.14 million; and (b) HK\$12.9 million out of the net proceeds of the 2016 Rights Issue, which were at one stage intended to be used for the repayment of the Bonds, were temporarily applied to short-term or repayable-on-demand loans to the Group's customers due to ongoing negotiation with the representatives of the holders of the Bonds. The Company is of the view that such arrangement will be able to generate interest income to offset the possible continual accruing of interest expenses on the Bonds.

The Directors consider that the Subscription represents not only an opportunity to raise capital for the Group and strengthen its financial position while broadening its shareholder and capital bases, but also an opportunity to strengthen and further develop the existing business cooperation in Yunnan Baiyao Qingyitang HK, which was targeted at the personal care products market in Asean countries.

The gross proceeds and net proceeds from the Subscription amount to approximately HK\$199.77 million and HK\$199 million, respectively. The Company intends to apply the net proceeds from the Subscription: (a) as to HK\$70 million for the development of personal care products business of the Group; (b) as to HK\$70 million for the money lending business of the Group; (c) as to HK\$30 million for the development of trading business; and (d) as to HK\$29 million for the Group's general working capital.

The Directors consider that the terms of the Subscription Agreement, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summarizes the equity fund raising activities of the Company for the twelve months immediately preceding the date of this announcement:

Date of announcement	Fund-raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
19 January 2017	Placing of 534,132,000 shares at the placing price of HK\$0.11 per placing share, which was completed on 1 February 2017	Approximately HK\$57.14 million	For the repayment of the outstanding unsecured 5.5% per-annum 7-years Bonds with aggregate principal sum of HK\$70,000,000, if and when required to do so	Temporarily applied to short-term or repayable-on-demand loans to the Group's customers by way of treasury management, as disclosed in the Company' Annual Report 2016/2017
14 November 2016	Rights issue of 1,335,331,600 shares at the subscription price of HK\$0.11 per share on the basis of one rights share for every two existing shares, which became unconditional on 28 December 2016	Approximately HK\$142.7 million	(a) as to approximately HK\$55 million for the development of the Group's money lending business; (b) as to approximately HK\$50 million for the development of the Group's trading business; and (c) as to approximately HK\$37.7 million for general working capital of the Group	(a) as to HK\$70 million for the provision of a loan to Queensway Asia Limited, as disclosed by the Company on 12 December 2016 and 12 January 2017 (b) as to HK\$40 million for the capital injection into Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (c) as to HK\$3 million for the establishment of a new investment entity in Hong Kong engaging in trading, marketing and supply-chain management, as disclosed by the Company on 12 December 2016 (d) as to approximately HK\$29.7 million, of which (i) HK\$12.9 million was set aside for the repayment of the Bonds, if and when required to do so; and (ii) HK\$16.8 million was left for general working capital of the Group

CHANGES TO SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company as at the date of the Subscription Agreement and immediately after the Completion (assuming that there is no other change in the issued share capital of the Company from the date of the Subscription Agreement up to Completion):

Shareholder	As at the date of		Immediately after completion of	
	this announcement and immediately		the Subscription	
	before completion of the Subscription			
	<i>Number of</i>	<i>Approximately</i>	<i>Number of</i>	<i>Approximately</i>
	<i>Shares</i>	<i>Percentage</i>	<i>Shares</i>	<i>Percentage</i>
Yunnan Baiyao Holdings	–	–	908,025,360	16.67%
Mr. Chow Wang (<i>Note 1</i>)	430,606,000	9.48%	430,606,000	7.90%
Mr. Fong For (<i>Note 2</i>)	349,068,000	7.69%	349,068,000	6.41%
Public Shareholders	3,760,452,800	82.83%	3,760,452,800	69.02%
Total	4,540,126,800	100.00%	5,448,152,160	100.00%

Notes:

1. Mr. Chow Wang is an Executive Director of the Company.
2. Mr. Fong For is a Non-executive Director of the Company.

WARNING OF RISKS OF DEALING IN SHARES

Shareholders and potential investors should note that completion of the Subscription is conditional upon the satisfaction of all the conditions precedent to the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:-

“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“Company”	Ban Loong Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange with stock code: 30
“Completion”	the completion of the Subscription
“Conditions”	the conditions precedent to Completion, as more particularly set out in the paragraph headed “Conditions” of this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“SGM”	the Special General Meeting of the Company held on 18 May 2017
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for, and allotment of, the Subscription Shares on the terms and subject to the conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into on 7 September 2017 between the Company and Yunnan Baiyao Holdings in relation to the Subscription
“Subscription Price”	HK\$0.22 per Subscription Share
“Subscription Shares”	908,025,360 new Shares to be issued and allotted to Yunnan Baiyao Holdings pursuant to the Subscription Agreement
“Yunnan Baiyao Holdings ”	Yunnan Baiyao Holdings Co., Ltd. (雲南白藥控股有限公司), a limited liability company established in the PRC and the subscriber under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 7 September 2017

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