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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)

COMPLETION OF THE SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board is pleased to announce that all the conditions of the Subscription Agreement and the Supplemental Subscription Agreements have been fulfilled and the completion of the Subscription took place on 30 October 2020, whereby the Subscription of the Convertible Bonds with a principal amount of up to HK\$500,000,000.

Reference is made to the announcements (the “**Announcements**”) of Ban Loong Holdings Limited (the “**Company**”) dated 14 October 2019, 4 November 2019, 18 November 2019, 2 December 2019, 16 December 2019, 31 December 2019, 31 January 2020, 14 February 2020, 28 February 2020, 31 March 2020, 3 May 2020, 31 July 2020, 31 August 2020, 10 September 2020, 29 October 2020 and the circular dated 11 September 2020 (the “**Circular**”) regarding the connected transaction in relation to the Subscription of Convertible Bonds by Yunnan Baiyao Group, the delays in dispatch of Circular and the extensions of Long Stop Date. Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as those defined in the Circular and the Announcements.

COMPLETION OF THE SUBSCRIPTION

The Board is pleased to announce that all the conditions of the Subscription Agreement and the Supplemental Subscription Agreements have been fulfilled and the completion of the Subscription took place on 30 October 2020 in accordance with the terms and conditions of the Subscription Agreement and Supplemental Subscription Agreements. Under the Subscription, Convertible Bonds with an aggregate principal amount of HK\$500,000,000.00 have been successfully issued to Shanghai Trust, to act as a trustee of Yunnan Baiyao Group and subscribe to and hold the Convertibles Bonds on behalf of Yunnan Baiyao Group, Yunnan Baiyao Group remains as the beneficial owner of the Convertible Bonds.

The gross proceeds and net proceeds from the subscription amount HK\$500 million and HK\$498 million, respectively. The Company intends to apply the net proceeds arising from the Subscription: (a) expansion of existing trading business in cosmetics and personal care products of approximately HK\$100 million; (b) expansion of CBD-based cosmetics and personal care product trading business of approximately HK\$90 million; (c) purchase of CBD isolate inventory for trading purpose of approximately HK\$20 million; (d) setting up of hemp cultivation and extraction facilities for vertical expansion of CBD trading business of approximately HK\$70 million; (e) expansion of CBD-related target business of approximately HK\$40 million; (f) expansion of existing money lending business of approximately HK\$50 million; (g) repayment of bonds issued by the Company of approximately HK\$70 million; and (h) working capital for the financial year ending 31 March 2021 of approximately HK\$58 million.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Based on the initial Conversion Price of HK\$0.258 per Conversion Share and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds, 1,937,984,496 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 30.05% of the existing issued share capital of the Company; and (b) approximately 23.11% of the issued share capital of the Company as enlarged by the issue of the 1,937,984,496 Conversion Shares. The aggregate nominal value of the 1,937,984,496 Conversion Shares is HK\$19,379,844.96.

Set out below is the shareholding structure of the Company (i) immediately completion of the Subscription; and (ii) immediately upon the conversion of the Convertible Bonds, and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds.

Shareholders	As at the date of this announcement		Immediately before the Conversion of the Convertible Bonds and assuming that no Conversion would be made due to the conversion restriction		Immediately after the full conversion of the Convertible Bonds	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yunnan Baiyao Group (<i>Note</i>)	1,908,025,360	29.59%	1,908,025,360	29.59%	3,846,009,856	45.86%
Mr. Chow Wang	495,404,000	7.68%	495,404,000	7.68%	495,404,000	5.91%
Mr. Fong For	349,068,000	5.41%	349,068,000	5.41%	349,068,000	4.16%
Public Shareholders	3,695,654,800	57.32%	3,695,654,800	57.32%	3,695,654,800	44.07%
Total	<u>6,448,152,160</u>	<u>100.00%</u>	<u>6,448,152,160</u>	<u>100.00%</u>	<u>8,386,136,656</u>	<u>100.00%</u>

Note: The shareholding number and percentage stated here are for illustration purpose only. The conversion of the Convertible Bonds is limited by the Conversion Restrictions (i.e. if the conversion by the holders of the Convertible Bonds would trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the exercising bond holders or parties acting in concert with them, or reduce the public float of the Company to less than 25% as prescribed by Rule 8.08(1)(a) of the Listing Rules, then the conversion by the relevant bond holders shall be restricted until and unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with), such that no bondholder shall convert the Convertible Bonds to an extent which would reduce the public float of the Company to below the percentage prescribed under the Listing Rules, or trigger the mandatory offer obligation under the Takeovers Code on the part of the exercising bond holders and parties acting in concert with them, until and unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with.

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

Hong Kong, 30 October 2020

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. 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