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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)

**(1) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE CHANGE OF INTENDED USE OF PROCEEDS OF
THE SHARE SUBSCRIPTION BY YUNNAN BAIYAO HOLDINGS
AND
(2) PROPOSED ADJOURNMENT OF SPECIAL GENERAL MEETING**

Reference is made to the announcement (the “**Announcement**”) of Ban Loong Holdings Limited (the “**Company**”) dated 20 August 2018 in relation to the Subscription by Yunnan Baiyao Holdings constituting a connected transaction, and the Company’s circular (the “**Circular**”) and notice (the “**Original SGM Notice**”) both dated 7 September 2018 regarding the convening of the special general meeting of the Company (or any adjournment thereof) (the “**SGM**”) for considering and approving the Subscription and the Specific Mandate. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Circular.

CHANGE OF INTENDED USE OF PROCEEDS

Under the accommodative monetary policy in the United States and amidst the low interest environment in Hong Kong, the Group's money lending segment has been performing and expanding in a satisfactory fashion in the past few years. Therefore, as disclosed in the section headed "Letter from the Board" in the Circular (page 8), it was the Board's original plan that approximately HK\$120 million or two-thirds of the net proceeds of HK\$178.8 million raised under the Subscription was intended for the business development and expansion of the Group's money lending business.

On Wednesday, 26 September 2018 (United States time), the U.S. Federal Reserve raised interest rates for 0.25 per cent. and dropped the wording of the accommodative monetary policy for United States Dollars. On Thursday, 27 September 2018 (Hong Kong time), major commercial banks in Hong Kong announced increases in Hong Kong Dollars prime rates for the first time in twelve years. In response to this market change, after the market close on 27 September 2018, the Board resolved to change the intended use of this HK\$120 million net proceeds to the expansion of the Group's production and operations, including the business development and expansion of the Group's trading and personal care product businesses, and the Group's general working capital, such that the relevant paragraph in the section headed "Letter from the Board" in the Circular (page 8) should now read as follows (the "**Change in Use of Proceeds**"):

*"The gross proceeds and net proceeds from the Subscription amount to approximately HK\$180 million and HK\$178.8 million, respectively. The net price for the Subscription is approximately HK\$0.1788 per Subscription Share. The Company intends to apply the net proceeds from the Subscription: (a) as to approximately HK\$30 million for **the Group's existing trading business**; (b) as to approximately HK\$120 million for **the expansion of the Group's production and operations, including the business development and expansion of the Group's trading and personal care product businesses, and the Group's general working capital**; and (c) as to the remaining HK\$28.8 million for **the Group's corporate expenses, including HK\$12.4 million for the payment of salaries and remuneration of management and staff, HK\$3.8 million for the payment of bond interest, HK\$4.2 million for rental expenses, HK\$5 million for professional fees and HK\$3.4 million for business development budgets and other operating expenses of the Group.**"*

Note: As disclosed above, the Company also takes the liberty to revise the references in item (c) from "general working capital" to "corporate expenses" and from "project-sourcing and business development budgets" to "business development budgets". The Board considers that these changes are insignificant in nature, as demonstrated by the context of the whole paragraph.

The Board considers that the Change in Use of Proceeds does not constitute a material change to the terms, reasons, benefits and impacts of the Subscription and is consistent with the Company's objective of the Subscription to raise additional capital to support its business development and expansion. The Directors are under an obligation to take prompt and proactive measures to adjust the business direction of the Group and adjust the expansion pace of the money lending segment from time to time, and to allocate corporate resources and spread our business risks in response to market changes.

The Company has informed the Subscriber under the Subscription, Yunnan Baiyao Holdings, regarding the Board's decision regarding the Change in Use of Proceeds. Yunnan Baiyao Holdings is supportive of the Board's decision on the Change in Use of Proceeds. Yunnan Baiyao Holdings further informed the Company that it will promptly inform the relevant government authorities regulating offshore investment and foreign exchange in the PRC regarding the Change in Use of Proceeds.

The Company wishes to emphasize that the Change in Use of Proceeds is merely a prudent strategic fine-tuning taken in response to market changes. Based on the current market information available to the Company, we are not currently aware of any direct impact on the credit and risk exposure of the Company's loan portfolio or the business outlook and long-term prospect of the money lending business of the Group as a result of the recent interest rate hike and change of monetary policy. The Company will continue to take a pragmatic approach in its money lending business to accommodate the ever-changing money supply market and to counteract market challenges from time to time.

NO CHANGE ON THE VIEWS, OPINIONS AND RECOMMENDATIONS OF INDEPENDENT FINANCIAL ADVISER

The Company has informed the Independent Financial Adviser on the Subscription, Red Sun Capital Limited, regarding the Change in Use of Proceeds. The Independent Financial Adviser advised the Company on the following consequential changes to the "Letter from the Independent Financial Adviser" of the Circular:

1. Page 21 of the Circular:

Revising the paragraph regarding the use of proceeds by mirroring the aforementioned revised wording of page 8 of the "Letter from the Board" of the Circular, namely, "*The gross proceeds and net proceeds from the Subscription amount to approximately HK\$180 million and HK\$178.8 million, respectively. The net price for the Subscription is approximately HK\$0.1788 per Subscription Share. The Company intends to apply the net proceeds from the Subscription: (a) as to approximately HK\$30 million for the Group's existing trading business; (b) as to approximately HK\$120 million for the*

expansion of the Group's production and operations, including the business development and expansion of the Group's trading and personal care product businesses, and the Group's general working capital; and (c) as to the remaining HK\$28.8 million for the Group's corporate expenses, including HK\$12.4 million for the payment of salaries and remuneration of management and staff, HK\$3.8 million for the payment of bond interest, HK\$4.2 million for rental expenses, HK\$5 million for professional fees and HK\$3.4 million for business development budgets and other operating expenses of the Group."

2. Page 22 of the Circular

Deleting the paragraph "As a result, we hold a positive view towards the money lending industry in Hong Kong and we concur with the Directors that the proceeds to be used in the Group's money lending business is beneficial to the Group for its expansion in the money lending industry"

After taking into account the Board's decision regarding the Change in Use of Proceeds and the above consequential changes to the "Letter from the Independent Financial Adviser", the Independent Financial Adviser confirmed that there is no change to their views, opinions and recommendations set out in the "Letter from the Independent Financial Adviser" as contained in the Circular. Having taken into consideration the factors and reasons stated in the "Letter from the Independent Financial Adviser" (as amended and modified in this announcement), the Independent Financial Adviser still holds the same opinion as set out in the "Letter from the Independent Financial Adviser" that (i) although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, it is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Subscription are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Financial Adviser would still make the same recommendation that the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement together with the transaction contemplated thereunder.

NO CHANGE ON THE RECOMMENDATIONS OF INDEPENDENT BOARD COMMITTEE

The Company has informed the Independent Board Committee regarding the Change in Use of Proceeds. After taking into account the Board's decision regarding the Change in Use of Proceeds and the unchanged views, opinions and recommendations of the Independent Financial Adviser, the Independent Board Committee concurs with the view of the Independent Financial Adviser and still holds the view that although the Subscription is not conducted in the ordinary and usual course of business of the Company, the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee would still recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate.

Save as disclosed above, all the other information contained in the Circular remains unchanged.

PROPOSED ADJOURNMENT OF SPECIAL GENERAL MEETING

As disclosed in the Circular and the Original SGM Notice, the SGM was originally scheduled to be held on 28 September 2018 at 10:30 a.m. (or immediately after the conclusion of the annual general meeting of the Company held on the same day, whichever is earlier) at Basement 2 (B2), The Wharney Guang Dong Hotel, 57-73 Lockhart Road, Wanchai, Hong Kong.

In the light of the supplemental information on the subject matter to be considered at the SGM that comes to the Directors' attention after the Circular was issued, in order to comply with the 10 business days' minimum notice period between the date of this supplemental announcement and the date of the general meeting as required by Rule 13.73 of the Listing Rules, the chairman of the meeting will, upon the commencement of the SGM on 28 September 2018 provided that a quorum is present, propose a resolution (the "**Adjournment Resolution**") that the meeting be adjourned and re-convened on Monday, 15 October 2018 at 10:00 a.m. at Basement 2 (B2), The Wharney Guang Dong Hotel, 57-73 Lockhart Road, Wanchai, Hong Kong (the "**Re-convened SGM**").

Pursuant to Rule 13.41 of the Listing Rules, where a meeting is required to be adjourned by resolution under Rule 13.73 of the Listing Rules, all shareholders are permitted to vote on the resolution regarding adjournment.

NO SUPPLEMENTARY CIRCULAR AND CONTINUED VALIDITY OF LODGED PROXIES AT THE RE-CONVENED SGM

Pursuant to the notes to Rule 13.73 of the Listing Rules, the Company must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required. Where the revisions or updating required are significant, the Company must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement to avoid overwhelming or confusion to shareholders.

The Board has carefully considered the scale of revisions and materiality of the new information as contained in this announcement (including, in particular, the unchanged views, opinions and recommendations of the Independent Financial Adviser and the unchanged recommendation of the Independent Board Committee regarding the Subscription) and come to the conclusion that this supplemental announcement should suffice for the purpose of complying with Rule 13.73 of the Listing Rules, such that no supplementary circular will be dispatched to Shareholders on the supplemental information.

The revised notice (the “**Revised SGM Notice**”) for the convening of the Re-convened SGM will be notified to Shareholders subject to, and as soon as possible after, the passing of the Adjournment Resolution at the originally-scheduled SGM on 28 September 2018. The Revised SGM Notice only serves to clarify the change of date of the SGM, as the subject matter to be discussed at the meeting remains the same.

No revised form of proxy will be dispatched to Shareholders, as the subject matter to be discussed at the meeting remains the same. Shareholders who have already lodged their forms of proxy or the appointment documents for corporate representatives with the Company’s branch share registrar in Hong Kong do not need to re-lodge those documents if their voting decisions remain the same, as all lodged proxies and corporate representative documents shall remain valid for vote-taking at the Re-convened SGM. Subject to the passing of the Adjournment Resolution, any Shareholder who wishes to alter their voting decisions between

the adjournment of the originally-scheduled SGM and the lodging deadline for the Re-convened SGM (i.e. 48 hours before the meeting) may continue to use the old form for the re-lodge of proxy. Any re-lodged form of proxy shall have the effect of revoking any form of proxy previously lodged in respect of the same block of Shares. Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at both the originally-scheduled SGM and the Re-convened SGM should any Shareholder so wishes.

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

Hong Kong, 27 September 2018

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