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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 TRANSACTIONS –
SUPPLY AGREEMENT WITH YUNNAN BAIYAO GROUP
YUNFENG IMPORT & EXPORT TRADING CO., LIMITED**

On 10 May 2019, Wan Long Xing Ye (a wholly-owned subsidiary of the Company) entered into a Supply Agreement with Yunfeng I&E Trading (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 ongoing supplies of plant extracts and ancillary services by Yunfeng I&E Trading to Wan Long Xing Ye under the Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profit ratio) in respect of the Annual Caps are less than 5% and the Board (including all the independent non-executive Directors) has approved the transactions as being fair and reasonable and on normal commercial terms or better from the Company's perspective, under Rule 14A.76(2)(a) of the Listing Rules, the transactions contemplated under the Supply Agreement are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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PRINCIPAL TERMS OF THE SUPPLY AGREEMENT

The principal terms of the Supply Agreement are as follows:

- (a) Date : 10 May 2019
- (b) Parties : (i) Vendor: Yunfeng I&E Trading, an indirect wholly-owned subsidiary of Yunnan Baiyao Group
(ii) Purchaser: Wan Long Xing Ye, a wholly-owned subsidiary of the Company
- (c) Duration : For a period of 35 months commencing on 1 May 2019 and ending on 31 March 2022
- (d) Products and services : Under the Supply Agreement, Yunfeng I&E Trading will source plant extracts in China for supply, and provide ancillary testing, logistics, import and export and related services, to Wan Long Xing Ye.
- (e) Pricing and payment : Yunfeng I&E Trading will charge Wan Long Xing Ye: (i) the actual cost of plant extracts sourced by it; plus (ii) a service fee of not more than 2% of the actual costs. The Directors (including the independent non-executive Directors) consider that the service fee of not more than 2% of the actual costs charged by Yunfeng I&E Trading is fair and reasonable by reference to similar products and services that can be offered to Wan Long Xing Ye and is beneficial to the Group. The pricing of other goods supplied during the cooperation period may be adjusted by mutual agreement of the parties by reference to the prevailing market conditions.

Payments for the plant extracts shall be settled by bank transfers in such installments as agreed by the parties when placing and accepting the purchase orders.

ANNUAL CAPS

The annual caps of the transaction values under the Supply Agreement are HK\$38,000,000 (the “**Annual Caps**”) for each of the three financial years ending 31 March 2020, 2021 and 2022, respectively. The Annual Caps were determined with reference to the order forecasts projected by Wan Long Xing Ye.

Based on the order forecasts of Wan Long Xing Ye, it is possible that the demand of plant extracts by customers of Wan Long Xing Ye may exceed its supply by Yunfeng I&E Trading as limited by the Annual Caps. If Wan Long Xing Ye, after taking into the account the market conditions, determines that it is beneficial for the Group to increase the Annual Caps under the Supply Agreement, further announcement(s) will be made before the Annual Caps are exceeded.

INFORMATION OF YUNNAN BAIYAO GROUP

Yunnan Baiyao Group is a pharmaceutical company in China whose A shares are listed on the Shenzhen Stock Exchange with stock code: 000538. On 24 April 2019, Yunnan Baiyao Group announced the China Securities Regulatory Commission approval of its merger (the “**Merger**”) with its 41.52% controlling shareholder, Yunnan Baiyao Holdings. Prior to the Merger taking effect, Yunnan Baiyao Holdings is the owner of 1,908,025,360 Shares, representing 29.59% of the total issued shares in the capital of the Company. As part of the taking effect of the Merger, the 1,908,025,360 Shares of the Company currently registered in the name of Yunnan Baiyao Holdings will be vested in the name of Yunnan Baiyao Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in money lending and trading of goods and commodities. During the year ended 31 March 2018 and the six months ended 30 September 2018, the revenue contributed by the Group’s trading segment accounted for approximately 93.9% and 89.6%, respectively, of the Group’s total revenue. As disclosed in its past annual and interim reports, the Group is constantly exploring business opportunities to broaden its product range and scope of services to minimise product concentration risks, and to increase trading volume and achieve economy of scale to improve the profit margin.

Recently, Wan Long Xing Ye received purchase orders and/or expressions of interest of plant extracts from its customers and potential customers. Upon market research, the management believed that the plant extracts market has the potential for profitability and therefore started to source suitable products.

Yunnan Baiyao Group is an established pharmaceutical company specialized in Chinese medicine and herbal resources with its operations covering the entire supply chain ranging from research and development, cultivation, extraction, laboratory testing, sourcing, distribution, logistics, import and export. Leveraging on Yunnan Baiyao Group's strong bargaining power and logistics and testing capability, the entering into of the Supply Agreement enables Wan Long Xing Ye to secure reliable supplies of plant extracts which match the quality and specification required by customers of Wan Long Xing Ye. The terms of the Supply Agreement were agreed between the parties during arm's length negotiations. The Directors (including the independent non-executive Directors) are of the view that the Supply Agreement is entered into in the ordinary and usual course of business of the Group, its terms are on normal commercial terms or better to the Group, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

None of the Directors has a material interest in the transactions contemplated under the Supply Agreement and as such, no Director is required to abstain from voting on such board resolutions in accordance with the Listing Rules.

Prior to the Merger, Yunnan Baiyao Holdings is a substantial shareholder and connected person of the Company and Yunnan Baiyao Group is an associate of connected person. Upon the Merger taking effect, Yunnan Baiyao Group shall be a direct substantial shareholder and connected person of the Company. The ongoing supplies of plant extracts and ancillary services by Yunnan Baiyao Group to the Group under the Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than the profit ratio) in respect of the Annual Caps are less than 5% and the Board (including all the independent non-executive Directors) has approved the transactions as being fair and reasonable and on normal commercial terms or better from the Company's perspective, under Rule 14A.76(2)(a) of the Listing Rules, the transactions contemplated under the Supply Agreement are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the requirement of the annual review as set out in Rules 14A.71 to 14A.72 of the Listing Rules and will re-comply with the relevant Listing Rules if the Annual Caps is exceeded, the Supply Agreement is renewed or there is any material change to its terms.

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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“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
“Supply Agreement”	the supply agreement entered into between Wan Long Xing Ye and Yunfeng I&E Trading dated 10 May 2019 regarding the supply of plant extracts and the provision of ancillary testing and logistics services
“Wan Long Xing Ye”	Wan Long Xing Ye Commercial Trading (Hong Kong) Limited (萬隆興業商貿(香港)有限公司), a wholly-owned subsidiary of the Company
“Yunfeng I&E Trading”	Yunnan Baiyao Group Yunfeng Import & Export Trading Co., Ltd. (雲南白藥集團雲豐進出口貿易有限責任公司), an indirect wholly-owned subsidiary of Yunnan Baiyao Group
“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 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 a substantial shareholder of the Company

“%” per cent

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

Hong Kong, 10 May 2019

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