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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)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent

CONVOY
Investment Services
康宏 証券投資

On 19 February 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, the Convertible Bonds with a principal amount of up to HK\$52,800,000 to not less than six Placees.

Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.12 per Conversion Share, 440,000,000 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 19.73% of the existing issued share capital of the Company; and (b) approximately 16.48% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (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).

The Conversion Price of HK\$0.12 represents (i) a discount of approximately 13.67% to the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 13.04% to the average closing price of HK\$0.138 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the estimated expenses of the Placing in the amount of approximately HK\$1,000,000, the gross and net proceeds from the Placing are estimated to be HK\$52,800,000 and approximately HK\$51,800,000, respectively. The Company intends to use the net proceeds from the Placing for financing the Group's money lending business.

The Placing is not subject to the Shareholders' approval as the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the General Mandate.

Shareholders and potential investors should note that the Placing is subject to the fulfillment or waiver of the conditions precedent set out in the Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 19 February 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, the Convertible Bonds with a principal amount of up to HK\$52,800,000 to not less than six Placees.

Details of the Placing Agreement and the Placing of the Convertible Bonds are summarized as follow:

Date

19 February 2016 (after trading hours)

Parties

- (1) The Company (as the issuer); and
- (2) The Placing Agent (as the placing agent)

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Placing of the Convertible Bonds

The Placing Agent has conditionally agreed to place, on a best effort basis, the Convertible Bonds with a principal amount of up to HK\$52,800,000 to not less than six Placees.

The Placees

The Placing Agent shall ensure that the Placees (being independent individual, professional or institutional investors) and their ultimate beneficial owners are Independent Third Parties and not connected persons of the Company and that none of the Placees will become a substantial shareholder of the Company as a result of the placing of the Convertible Bonds subscribed by him on fully converted basis as at the date of completion of the Placing (taking into account other securities held by such Placee at the time of his subscription of the Convertible Bonds).

Placing Commission

The Placing Agent will receive a placing commission of 1.5% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent to the Placees. The commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to market rates.

Principal terms of the Convertible Bonds

Issuer	:	The Company
Total principal amount	:	Up to HK\$52,800,000
Interest	:	4% per annum on the outstanding principal amount thereof, which will be payable by the Company yearly in arrears. The first payment will be made on the first anniversary date of the date of issue of the Convertible Bonds.

Where the holder of the Convertible Bond has converted part or whole of the principal amount of the Convertible Bond, such holder of the Convertible Bond will be entitled to interest in respect of such part or whole (as the case may be) of the principal amount being converted for the period from the last interest payment date up to the date of conversion.

- Maturity Date : 2 years from the date of issue of Convertible Bonds or if such date is not a business day, the next business day.
- Conversion Period : The period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date.
- Conversion rights : Holders of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price of HK\$0.12 per Conversion Share at any time during the Conversion Period provided that the conversion of the Convertible Bonds (i) does not trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holders of the Convertible Bonds which exercised the conversion rights, namely, more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) does not reduce the public float of the Shares to less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares.

Conversion Shares : Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.12 per Conversion Share, 440,000,000 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 19.73% of the existing issued share capital of the Company; and (b) approximately 16.48% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (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).

The maximum aggregate nominal value of the Conversion Shares is HK\$4,400,000.

Conversion Price : The Conversion Price of HK\$0.12 represents (i) a discount of approximately 13.67% to the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 13.04% to the average closing price of HK\$0.138 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Conversion Price is subject to adjustments upon occurrence of certain “Adjustment Events” as described below.

Early Redemption : The Convertible Bonds may not be repaid or redeemed by the holders of the Convertible Bonds before the Maturity Date, but may be early redeemed by the Company by serving a 14-day prior notice of redemption to the holders of the Convertible Bonds, during the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date, at the redemption price of 105% of the outstanding principal amount plus interest accrued. Once the Company has served a redemption notice to redeem any part of the Convertible Bonds, the holders of the Convertible Bonds can no longer exercise the Conversion Rights in respect of that part of the Convertible Bonds.

- Adjustments Events : The Conversion Price will be subject to adjustments upon the occurrence of the following events:
- (i) an alteration of the nominal amount of the Shares by reason of consolidation, subdivision, reclassification or otherwise;
 - (ii) an issue of Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve), other than Shares paid up out of profits or reserves and issued in lieu (in whole or in part) of a cash dividend, being a dividend which the Shareholders concerned would or could otherwise have received and which does not constitute a capital distribution (as such term is defined in the conditions of the Convertible Bonds);
 - (iii) a capital distribution (as such term is defined in the conditions of the Convertible Bonds) to Shareholders being made by the Company;
 - (iv) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the market price of the Shares;
 - (v) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares;
 - (vi) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for Shares, at a consideration per Share which is less than 80% of the market price of the Shares, or the conversion, exchange or subscription rights of any such securities (other than in accordance with the terms applicable thereto) are altered or modified so that the consideration per Share is less than 80% of the market price of the Shares;

- (vii) an issue of Shares for the acquisition of asset at a total effective consideration per Share which is less than 80% of the market price of the Shares; and
- (viii) an issue of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares for the acquisition of asset at a total effective consideration initially receivable for such securities which is less than 80% of the market price of the Shares.

- Events of Default : For so long as any Convertible Bond remains outstanding, if any of the following events (“**Events of Default**”) occurs, unless prior written consent is obtained from the Majority Bondholders, the Majority Bondholders will be entitled to give a notice in writing to the Company that the Convertible Bonds held by all holders are immediately due and payable at its principal amount then outstanding together with any accrued and unpaid interest under the terms and conditions of the Convertible Bonds calculated up to and excluding the date of payment:
- (i) there is a failure by the Company to pay the principal of or any interest on the Convertible Bonds when due and such failure continues for a period of seven days; or
 - (ii) the Company does not perform or comply with any one or more of its other obligations under the Convertible Bonds which default is incapable of remedy, or is not remedied within 30 days after notice requiring the same to be remedied is served by the Majority Bondholders on the Company; or
 - (iii) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a material part of the property, assets or revenues of the Company and is not discharged or stayed within 45 days (or such longer period as the Majority Bondholders may consider appropriate); or

- (iv) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or a material part of the assets or undertaking of the Company and is not discharged within 45 days of taking such possession or, as the case may be, appointment; or
- (v) the Company is insolvent or bankrupt or unable to pay its debts as and when they fall due or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Company; or
- (vi) an order is made or an effective resolution passed for winding-up or dissolution of the Company, or the Company ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation; or
- (vii) proceedings are initiated against the Company under any applicable bankruptcy or insolvency law and such proceedings are not discharged or stayed within a period of 180 days; or
- (viii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (iii) to (vii) above.

Provided that the Company is not regarded as having triggered any event of default in the event of the occurrence of any events or incidents which take place beyond the control of the Company without negligence, default or omission of the Company or which flows from natural or reasonably anticipated development of events which have been fully and fairly disclosed by the Company by way of public announcements or circulars or financial reports published by the Company.

- Transferability : The Convertible Bonds are freely transferable by the Placees in multiples of units of principal amount of the Convertible Bonds of HK\$1,200,000, provided that no Convertible Bonds may be transferred to any connected persons of the Company without the prior written consent of the Company.
- Voting : Holders of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of its being a holder of the Convertible Bonds.
- Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.
- Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds.
- Ranking of the Conversion Shares : The Conversion Shares will, when issued and allotted, rank pari passu in all respects among themselves and with all other fully paid Shares in issue on the conversion date of the Convertible Bonds.

Conditions precedent to the Placing

Completion of the Placing is conditional upon the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Conversion Shares which fall to be issued upon conversion of the Convertible Bonds (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (b) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the date of completion of the Placing.

If the conditions precedent in respect of the Placing are not fulfilled (or waived in respect of conditions (b) above) on or before 4:00 p.m. (Hong Kong time) on 11 March 2016 (or such other time and date as may be agreed between the Placing Agent and the Company), the

Placing Agreement shall thereupon lapse and become null and void and all rights, obligations and liabilities of the parties in respect of the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing, save for any liability arising out of any antecedent breaches of the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place not later than 4:00 p.m. on the fifth business day after the date on which all the conditions precedent to the Placing have been fulfilled or waived (or such other time and date as may be agreed between the Placing Agent and the Company).

Termination of the Placing Agreement

If at any time on or prior to 12:00 noon on the date of completion of the Placing:

- (i) there shall have been, since the date of the Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement; or
- (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances;

then and in any such case, the Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the date of completion of the Placing.

In the event the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

GENERAL MANDATE

The Placing is not subject to the Shareholders' approval as the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the General Mandate, which was granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 30 September 2015. Under the General Mandate, the Company is authorized to allot and otherwise deal with new Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) of up to 20% of the issued share capital of the Company as at the date of the aforesaid annual general meeting, which amounts to 440,110,640 new Shares. As at the date of this announcement, the General Mandate has not been utilized since it was granted.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in providing financial quotation services, wireless applications development, mining operations, development of encryption technology and products, money lending and trading of goods and commodities.

As disclosed in the Annual Report 2014/2015, the Company has diversified into the business of money lending. Ban Loong Finance Company Limited, a wholly-owned subsidiary of the Company, holds a money lender licence under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and was set up to engage in the businesses of financial credit services such as personal loans, commercial loans and mortgages to individuals and corporations. The Directors are of the view that the Placing will be able to finance the money lending business of the Group and also represents a good opportunity to broaden the capital base of the Company.

Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the estimated expenses of the Placing in the amount of approximately HK\$1,000,000, the gross and net proceeds from the Placing are estimated to be HK\$52,800,000 and approximately HK\$51,800,000 million, respectively. Therefore, assuming the Convertible Bonds are fully placed and the conversion rights of all the Convertible Bonds are exercised, the net price for the Placing is approximately HK\$0.1177 per Conversion Share. The Company intends to use the net proceeds from the Placing for financing the Group's money lending business.

The terms of the Convertible Bonds and the Placing (including the Conversion Price) were determined after arm's length negotiations between the Company and the Placing Agent with reference to the historical trading prices of the Shares, the prevailing market sentiment and conditions, liquidity flow in the capital market and the Group's existing financial position. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to prevailing market rates. The Directors consider that the terms of the Placing Agreement and the Convertible Bonds (including the interest rate, the Conversion Price and the placing commission) are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
29 September 2015	Subscription of 30,000,000 shares at a price of HK\$0.197 per share under the refreshed general mandate granted to the Directors at the special general meeting held on 12 August 2015. The subscription was completed on 12 October 2015.	Approximately HK\$5.91 million	For financing the Group's money lending business	Used as intended
9 September 2015	Placing of shares, on best effort basis, for a maximum of 397,280,000 shares at a price of HK\$0.189 per Share under the refreshed general mandate granted to the Directors at the special general meeting held on 12 August 2015. The placing was completed on 23 September 2015 whereby a total of 214,138,000 placing shares have been successfully placed.	Approximately HK\$40.06 million	For financing the Group's money lending business	Used as intended

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
24 April 2015	Placing of convertible bonds in a maximum principal amount of HK\$150 million, on best effort basis. The Company considers that the placing of the convertible bonds was terminated by the placing agent on 8 September 2015.	Not applicable	Partial funding of the major acquisition of the Company in relation to the acquisition of seven target companies as announced in the April Announcement. The Company considers that the acquisition lapsed on 1 September 2015.	Not applicable

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming (a) there is no change in the issued share capital of the Company from the date of this announcement and up to the date of full conversion of the Convertible Bonds at the initial Conversion Price (other than as a result of the allotment and issue of the Conversion Shares); and (b) all of the HK\$52,800,000 Convertible Bonds are placed in full, the shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately after the allotment and issue of all the Conversion Shares are summarized as follows:

	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Fong For (<i>Note 1</i>)	331,068,000	14.84%	331,068,000	12.40%
Mr. Chow Wang (<i>Note 2</i>)	64,964,000	2.91%	64,964,000	2.43%
Public Shareholders				
Mr. Chiu Ngai Hung	157,532,000	7.06%	157,532,000	5.90%
Other Public Shareholders	1,676,989,200	75.19%	1,676,989,200	62.79%
Placees	—	—	440,000,000	16.48%
Total	<u>2,230,553,200</u>	<u>100.00%</u>	<u>2,670,553,200</u>	<u>100.00%</u>

Notes:

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

Shareholders and potential investors should note that the Placing is subject to the fulfillment or waiver of the conditions precedent set out in the Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for business, other than a Saturday or a Sunday, or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon
“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
“Conversion Period”	the period commencing on the date of issue of the Convertible Bonds and ending to the Maturity Date
“Conversion Price”	HK\$0.12 per Conversion Share, subject to adjustments and the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	the new Share(s) to be allotted and issued upon conversion of the Convertible Bonds
“Convertible Bonds”	the 4% per annum coupon convertible bonds proposed to be issued by the Company in the aggregate principal amount of up to HK\$52,800,000 due on the Maturity Date, to be placed under the Placing

“Directors”	the directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 30 September 2015 to issue and allot up to 440,110,640 Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons
“Last Trading Day”	19 February 2016, being the last trading day preceding the signing of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	Two years from the date of issue of Convertible Bonds or if such date is not a business day, the next business day
“Majority Bondholder(s)”	a holder or a group of holders of Convertible Bonds in aggregate holding not less than 50% of the outstanding principal amount of the Convertible Bonds for the time being
“Placees”	any independent individual, professional or institutional investors whom the Placing Agent and/or any of their sub-placing agent(s) have procured to subscribe for any of the Convertible Bonds under the Placing

“Placing”	the placing of the Convertible Bonds in accordance with the terms and conditions of the Placing Agreement
“Placing Agent”	Convoy Investment Services Limited, a company licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 19 February 2016 in relation to the Placing
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Ban Loong Holdings Limited
Chow Wang
Chairman and Executive Director

Hong Kong, 19 February 2016

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

Executive Directors:

Mr. Chow Wang (*Chairman*)

Mr. Cheung Wai Shing

Non-executive Director:

Mr. Fong For

Independent Non-executive Directors:

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan