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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ban Loong Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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) PROPOSED REFRESHMENT OF THE EXISTING SHARE ISSUE MANDATE;
(2) PROPOSED RE-ELECTION OF DIRECTORS
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



紅日資本有限公司
RED SUN CAPITAL LIMITED

The Letter from the Board of is set out on pages 4 to 16 of this circular. The letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. The letter from the Independent Financial Adviser is set out on pages 19 to 31 of this circular.

The notice convening the special general meeting of the Company to be held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong, on Thursday, 18 May 2017 at 10:00 a.m. is set out on pages 34 to 36 of this circular. If you are not able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

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DEFINITIONS

In this circular, the following expressions shall have the meanings respectively set opposite them below unless the context requires otherwise:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company in force from time to time
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time
“Company”	Ban Loong Holdings Limited (stock code: 30), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Share Issue Mandate”	the general mandate granted at the Last AGM to the Directors by the Shareholders to allot, issue and deal with up to 534,132,640 Shares
“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
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors established by the Board to advise the Independent Shareholders in respect of the proposed refreshment of the Existing Share Issue Mandate

DEFINITIONS

“Independent Financial Adviser”	Red Sun Capital Limited, a company licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of the Existing Share Issue Mandate
“Independent Shareholders”	any Shareholders other than controlling shareholders of the Company and their associates or, where there are no controlling shareholders, any Shareholders other than the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Last AGM”	the last annual general meeting of the Company which was held on 29 September 2016
“Latest Practicable Date”	25 April 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Refreshed Share Issue Mandate”	the new general mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and otherwise deal with new Shares and other securities not exceeding 20% of the total number of Shares in issue as at the date of passing of the relevant resolution as at the date of the SGM
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened on Thursday, 18 May 2017 to consider and, if thought fit, approve the resolutions in respect of the proposed refreshment of the Existing General Mandate and the proposed re-election of Directors
“SGM Notice”	the notice of the SGM set out on pages 34 to 36 of this circular

DEFINITIONS

“Share(s)”	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
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Takeover Codes”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



萬隆控股集團有限公司
Ban Loong Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

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

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal Place of Business in

Hong Kong:

Room 2709-10

27/F China Resources Building

No. 26 Harbour Road

Wanchai

Hong Kong

28 April 2017

To the Shareholders

Dear Sirs

**(1) PROPOSED REFRESHMENT OF THE EXISTING SHARE ISSUE MANDATE;
(2) PROPOSED RE-ELECTION OF DIRECTORS
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 24 April 2017 in relation to the proposed refreshment of the Existing Share Issue Mandate.

LETTER FROM THE BOARD

This circular includes information required under the Listing Rules to be given to the Shareholders containing (i) the proposed refreshment of the Existing Share Issue Mandate; (ii) the proposed re-election of Directors; (iii) the letter of recommendation from the Independent Board Committee in respect of the proposed refreshment of the Existing Share Issue Mandate; (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of the Existing Share Issue Mandate; (v) a notice of the SGM; and (vi) other information as required under the Listing Rules in relation to the SGM of the Company to be held on Thursday, 18 May 2017 and the resolutions to be considered thereat.

2. PROPOSED REFRESHMENT OF THE EXISTING SHARE ISSUE MANDATE

2.1 Existing Share Issue Mandate

At the Last AGM of the Company which was held on 29 September 2016, ordinary resolution(s) were passed by Shareholders to grant to the Directors the Existing Share Issue Mandate which enabled the Directors to allot, issue and deal with Shares not exceeding 20% of aggregate nominal amount of the issued shares of the Company as at the date of the Last AGM (i.e. not exceeding 534,132,640 Shares).

Since the Last AGM of the Company and up to the Latest Practicable Date, the Company has conducted a placing of a maximum of 534,132,000 Shares (the “**January Placing**”), which was completed on 1 February 2017 whereby 534,132,000 Shares were issued under the Existing Share Issue Mandate. As disclosed in the announcement of the Company dated 19 January 2017, it was intended that the net proceeds from the January Placing, in the amount of HK\$57.14 million, would be utilized by the Company for the repayment of the outstanding unsecured 5.5% per-annum 7-years (i.e. due between January and July 2021) corporate bonds (the “**Bonds**”) with aggregate principal sum of HK\$70,000,000, if and when required to do so.

The Existing Share Issue Mandate had almost been fully utilized after the completion of the January Placing. If the Existing Share Issue Mandate is not refreshed, the Directors would only be allowed to allot and issue up to 640 Shares, representing only 0.000014% of the issued share capital of the Company as at the Latest Practicable Date. The Existing Share Issue Mandate has not been refreshed since it was granted at the Last AGM.

2.2 Proposed refreshment of the Existing Share Issue Mandate

In order to allow the flexibility to raise further equity capital for general working capital and/or to finance future investments or business development, the Board proposed to refresh the Existing Share Issue Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolution.

LETTER FROM THE BOARD

Subject to the passing of the ordinary resolution for the approval of the refreshment of the Existing Share Issue Mandate and based on the total number of 4,540,126,800 issued Shares as at the Latest Practicable Date and assuming that the Company does not issue or repurchase any Shares prior to the SGM, the refreshment of the Existing Share Issue Mandate will allow the Directors to issue and allot up to 908,025,360 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

The Refreshed Share Issue Mandate, if granted, will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company unless the authority is renewed either conditionally or unconditionally at such meeting; and (b) the revocation or variation of the resolution by an ordinary resolution of the shareholders of the Company in general meeting.

2.3 Reasons for and benefit of the proposed refreshment of the Existing Share Issue Mandate

The Company is an investment holding company. The Group is principally engaged in mining operations, money lending and trading of goods and commodities.

The mining operations of the Group is owned by Jun Qiao Limited (晉翹有限公司) (“**Jun Qiao**”, which together with its subsidiaries are collectively referred to as the “**Jun Qiao Group**”), a company incorporated in the British Virgin Islands with limited liability and a 60%-owned subsidiary of the Company. Jun Qiao owns 100% of the issued share capital of Xing Hua Yuan Investment Group Limited (興華源投資集團有限公司) (“**Xing Hua Yuan**”, a limited liability company in Hong Kong), which in turn owns 90% of the equity interest in 鄭州金富源礦業有限公司 (Zhengzhou Jinfuyuan Mining Company Limited) (“**Jinfuyuan Mining**”, a sino-foreign equity joint venture established in the PRC), which in turn owns 90% of the equity interest in 桐柏縣銀地礦業有限責任公司 (Tong Bai County Yin Di Mining Company Limited) (“**Yin Di Mining**”, a limited liability company established in the PRC). Yin Di Mining owns (a) the other 10% equity interest in Jinfuyuan Mining; (b) a mining license covering Yin Di Mining Area (銀地礦區) with an area of approximately 1.81 square kilometers situate at Tongbai County, Henan Province, the PRC; and (c) 95% of the equity interest in 新疆鑫江源礦業有限公司 (Xinjiang Xin Jiang Yuan Mining Company Limited) (“**Xin Jiang Yuan Mining**”, a limited liability company established in the PRC), which in turn owns an exploration license which covers Hu Lei Si De Mining Area (呼勒斯德礦區) with an area of approximately 29.12 square kilometers situate at Ji Tai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區), the PRC.

As disclosed in the Company’s announcements dated 15 January 2017, 22 January 2017 and 1 February 2017 in relation to the litigations (the “**Litigations**”) involving the mining assets held by Jun Qiao Group (the “**Mining Assets**”), the 90% equity of Yin Di Mining held by Jinfuyuan Mining was purportedly transferred to 河南省桂圓實業有限公司 (Henan Guiyuan Industry Co., Ltd.) on 17 January 2017 (the “**Purported Transfer**”), and the Group might have temporarily lost effective control

LETTER FROM THE BOARD

over the entire operations of all Mining Assets since then. The Company intends to commence civil actions seeking to recover the 90% equity of Yin Di Mining, and to file criminal complaints against any person(s)/entity(ies) who are suspected to have conducted unlawful activities in relation to the Purported Transfer. Based on the legal advice currently obtained by the Company, the Group should have sufficient evidential bases to commence legal actions in an attempt to recover the Mining Assets. The Group has also filed criminal complaints with the relevant PRC law enforcement authorities about suspected conspiracy of fraud, false litigation and suspected use of forged documents during the course of the Litigations. The criminal case was accepted by the Public Security Bureau on 26 January 2017. Further announcement(s) will be made by the Company regarding the status of the legal action and criminal complaint as and when appropriate.

As disclosed in the Company's Interim Report 2016/2017, as at 30 September 2016, the Group had outstanding Bonds with aggregate principal sum of HK\$70 million. Under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company undertook to continue to maintain its interests in the Mining Assets and not to dispose of, transfer or sell any of the Mining Assets until the maturity of the Bonds, unless the consent of the majority of the bondholders is obtained.

As explained above, in the light of the Purported Transfer, the Group might have temporarily lost control over the Mining Assets. While the Company is seeking to recover the Mining Assets through civil and criminal actions in the PRC, in the event that a mutually-acceptable solution cannot be reached between the Company and the majority bondholders, the Company has to prepare itself for the redemption of the Bonds for the sake of financial prudence.

As disclosed in the section below headed "2.4 Equity fund raising activities during the past twelve months" in this letter from the Board, the proceeds of the placing of convertible bonds announced on 19 February 2016 and the placing of shares announced on 6 June 2016 were utilized largely in accordance with their intended use. Regarding the proceeds of the rights issue announced on 14 November 2016 and became unconditional on 28 December 2016 (the "**Rights Issue**"):

- (a) HK\$70 million was utilized in the provision of loan by the Group's money-lending division to a borrower named Queensway Asia Limited (the "**Queensway Loan**"), as disclosed by the Company on 12 December 2016 and 12 January 2017. The provision of the Queensway Loan was largely consistent with the rationale of the original intended use of proceeds of applying approximately HK\$55 million for the Group's money lending business, and the reasons and benefits for the entering into of the Queensway Loan were more particularly set out in the Company's announcements dated 12 December 2016 and 12 January 2017.

LETTER FROM THE BOARD

- (b) Amongst the unutilized proceeds of HK\$29.7 million, HK\$12.9 million was set aside for the repayment of the principal sum of the Bonds, if and when required to do so. This amount, together with the HK\$57.14 million net proceeds raised in the January Placing, should be sufficient for the full redemption of the Bonds in the event that a mutually-acceptable solution cannot be reached between the Company and the majority bondholders.
- (c) Therefore, only HK\$16.8 million out of the unutilized proceeds raised in the Rights Issue is left for the Group's general working capital, of which HK\$7.7 million was used for (or set aside for the payment of) the accrued operating expenses (including bond interest, rental expenses, salaries and remuneration) of the Company's head office in Hong Kong for up to 31 March 2017, HK\$4.5 million was set aside for the settlement of professional fees (such as legal fees in Hong Kong and China, audit fee and printing costs), and the remaining HK\$4.6 million should be sufficient for the monthly operating expenses of the Company's head office in Hong Kong for up to May 2017.

The Group intends to expand its business operations in the money lending business. In Hong Kong, participants in the money lending industry primarily comprise authorised institutions and licensed money lenders. Authorised institutions include licensed banks, restricted licensed banks and deposit taking companies and they are subject to the supervision of Hong Kong Monetary Authority ("HKMA") and the regulations under the Banking Ordinance. On the other hand, licensed money lenders and regulation of money lending transactions of such lenders are governed by Money Lenders Ordinance and they enjoy greater flexibility in their business operations in terms of loan sizes, requirement of income proof and the range of collateral acceptable for securing loans.

The increasing trend of total loans and advances indicates a rising demand in money lending market in Hong Kong in recent years. The Group wants to seize such business opportunities by refreshing the Existing Share Issue Mandate to provide the Group with equity fund raising alternatives to finance the Group's expansion in its money lending business. As at the Latest Practicable Date, the Company has approved our existing borrowers for extension of loans, in an aggregate principal sum of over HK\$60 million, beyond the original repayment dates falling in March 2017. In addition, the Company is currently in negotiation with land and property owner(s) in Hong Kong who might be interested to apply for mortgage loan for an amount of HK\$30 million or above.

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Given that the next annual general meeting of the Company is expected to be held on or before 30 September 2017, the Directors consider that it is important for the Company to obtain the Refreshed Share Issue Mandate in order to allow the flexibility to raise further equity capital for general working capital and/or to finance future investments or business development, given that equity financing through utilizing general mandate (i) does not incur any interest expenses on the Group as compared with debt financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; (iii) has more certainty and is less time consuming than specific mandate which would require Shareholders' approval in a general meeting; and (iv) enables the Company to capture any capital raising and/or prospective investment opportunities which may arise from time to time in an efficient manner. In addition, while the aggregate shareholding of the existing public shareholders of the Company will decrease from approximately 82.83% as at the Latest Practicable Date to approximately 69.02% upon full utilization of the Refreshed Share Issue Mandate, the potential dilution is justifiable because (i) the refreshment of the Existing Share Issue Mandate will provide an alternative to increase the amount of capital which may be raised by way of issue of new Shares; (ii) the refreshment of the Existing General Mandate will provide more options of financing to the Group for further development of its business as well as other potential investment and/or acquisitions as and when such opportunities arise; and (iii) all Shareholders will be diluted proportionately to their respective shareholding upon utilization of the Refreshed Share Issue Mandate. In the light of the above, even taking into account the potential dilution impact to its existing shareholders, the Directors (excluding the independent non-executive Directors) consider that the Refreshed Share Issue Mandate is fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

2.4 Equity fund raising activities during the past twelve months

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date:

Latest Practicable Date	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds	Dilution impact (Note 1)
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	As at the Latest Practicable Date, the net proceeds of the Placing have not been utilized yet.	2.25%
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	<p>(a) as to approximately HK\$55 million for the development of the Group's money lending business</p> <p>(b) as to approximately HK\$50 million for the development of the Group's trading business</p> <p>(c) as to approximately HK\$37.7 million for general working capital of the Group</p>	<p>(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</p> <p>(b) as to HK\$40 million for the capital injection into Wan Long Xing Ye Commercial Trading (Shenzhen) Limited</p> <p>(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</p>	8.55%

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Latest Practicable Date	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds	Dilution impact (Note 1)
				(d) Unutilized 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	
6 June 2016	Placing of shares, on best effort basis, for a maximum of 190,110,640 shares at a price of HK\$0.09 per Share under the general mandate granted to the Directors at the annual general meeting held on 30 September 2015. The placing was completed on 15 June 2016 whereby a total of 190,110,000 placing shares have been successfully placed	Approximately HK\$16.60 million	For financing the Group's money lending business	Used as intended	1.29%

LETTER FROM THE BOARD

Latest Practicable Date	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds	Dilution impact (Note 1)
19 February 2016	Placing of convertible bonds, on best effort basis, with a principal amount of up to HK\$52,800,000 carrying rights to convert to Shares at the conversion price of HK\$0.12 per Share under the general mandate granted to the Directors at the annual general meeting held on 30 September 2015. The placing was completed on 4 March 2016 whereby convertible bonds with an aggregate principal amount of HK\$30,000,000 have been successfully placed	Approximately HK\$29.35 million	For financing the Group's money lending business	(a) as to HK\$26 million used for financing the Group's money lending business (b) as to HK\$3.35 million used for working capital	1.38%

Notes:

- The dilution impact of the individual fund raising activity is calculated based on the following formula (the "**Dilution Impact Formula**"):

$$\begin{array}{l}
 \text{Dilution} \\
 \text{impact of} \\
 \text{individual} \\
 \text{fund} \\
 \text{raising} \\
 \text{activity}
 \end{array}
 =
 \frac{\begin{array}{l}
 \text{discount of the} \\
 \text{subscription price to} \\
 \text{the closing share price as} \\
 \text{quoted on the Stock} \\
 \text{Exchange prior to the} \\
 \text{announcement of that} \\
 \text{particular fund raising} \\
 \text{activity}
 \end{array}}{\begin{array}{l}
 \text{the number of Shares issued pursuant} \\
 \text{to that particular fund raising activity} \\
 \hline
 \text{the number of total issued shares as} \\
 \text{enlarged by that particular fund} \\
 \text{raising activity}
 \end{array}}
 \times$$

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

2.5 Possible dilution effect on shareholding structure of the Company

The table below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the full utilization of the Refreshed Share Issue Mandate:

	As at the Latest Practicable Date		Immediately upon full utilization of the Refreshed Share Issue Mandate	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
Mr. Chow Wang	430,606,000	9.48	430,606,000	7.90
Mr. Fong For	349,068,000	7.69	349,068,000	6.41
New Shares to be issued under the Refreshed Share Issue Mandate	–	–	908,025,360	16.67
Public shareholders	<u>3,760,452,800</u>	<u>82.83</u>	<u>3,760,452,800</u>	<u>69.02</u>
Total	<u>4,540,126,800</u>	<u>100.00</u>	<u>5,448,152,160</u>	<u>100.00</u>

On a purely illustrative purpose, assuming that new Shares are issued at the maximum permissible 20% discount to market price and the Refreshed Share Issue Mandate is exercised to the fullest extent, the maximum dilution impact as calculated by the Dilution Impact Formula (as defined in the section headed “2.4 Equity fund raising activities during the past twelve months” above) would be approximately 3.33%.

2.6 Implications under the Listing Rules

As the proposed refreshment of the Existing Share Issue Mandate is being made before the next annual general meeting of the Company, pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Existing Share Issue Mandate will be subject to the approval of the Independent Shareholders by way of an ordinary resolution at the SGM at which any controlling shareholders of the Company and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executives and their respective associates shall abstain from voting in favour of the resolution approving the refreshment of the Existing Share Issue Mandate.

As at the Latest Practicable Date, the Company has no controlling Shareholders. Mr. Chow Wang (an executive Director holding 430,606,000 Shares, representing 9.48% of the issued share capital of the Company) and Mr. Fong For (a non-executive Director holding 349,068,000 Shares, representing 7.69% of the issued share capital of the Company) have confirmed to the Company that they will

LETTER FROM THE BOARD

abstain from voting on the resolution approving the refreshment of the Existing Share Issue Mandate at the SGM. As at the Latest Practicable Date, save for Mr. Chow Wang and Mr. Fong For, none of the other Directors (excluding independent non-executive Directors), chief executives or their respective associates hold any Shares and are required to abstain from voting in favour of the refreshment of the Existing Share Issue Mandate at the SGM.

3. RE-ELECTION OF DIRECTORS

In accordance with the Company's Bye-laws, any Director appointed by the Board shall hold office until the first general meeting of members after his appointment and shall then be eligible for re-election. Accordingly, Mr. Chu Ka Wa and Mr. Wang Zhaoqing will retire at the SGM and, being eligible, offer themselves for re-election as Directors at the SGM.

At the SGM, ordinary resolutions will be proposed to re-elect Mr. Chu Ka Wa and Mr. Wang Zhaoqing as Directors. The biographical details of the Directors proposed to be re-elected are set out in Appendix I to this circular.

4. THE SGM

The SGM will be held for the Shareholders to consider and, if thought fit, approve the resolutions in respect of (a) the proposed refreshment of the Existing Share Issue Mandate; and (b) the proposed re-election of the Directors.

The SGM Notice is dispatched to Shareholders together with this circular. A form of proxy for use at the SGM is also enclosed.

If you are not able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at a general meeting must be taken by poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the SGM pursuant to the Company's Bye-laws.

LETTER FROM THE BOARD

5. CLOSE OF REGISTER

For the purpose of determining the list of Shareholders who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from 15 May 2017 to 18 May 2017, both days inclusive. No transfer of Shares will be registered during that period.

In order to qualify to attend and vote at the SGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited of shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 12 May 2017.

6. RECOMMENDATIONS

The Refreshment of the Existing Share Issue Mandate

In the light of the reasons set out in the section headed "2.3 Reasons for and benefit of the proposed refreshment of the Existing Share Issue Mandate", the Directors (excluding the independent non-executive Directors who have reserved their views pending the outcome of the recommendation of the Independent Financial Adviser) consider that the Refreshed Share Issue Mandate is fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors (excluding the independent non-executive Directors who have reserved their views pending the outcome of the recommendation of the Independent Financial Adviser) recommend that the Shareholders vote in favour of the resolution in respect of the Refreshed Share Issue Mandate as set out in the SGM Notice.

The Board has established the Independent Board Committee comprising all independent non-executive Directors to consider and, if appropriate, make a recommendation to the Independent Shareholders as to whether the proposed refreshment of the Existing Share Issue Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

The Company has appointed Red Sun Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed refreshment of the Existing Share Issue Mandate.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 17 to 18 and the letter from the Independent Financial Adviser set out on pages 19 to 31 of this circular. After considering the opinion of the Independent Financial Adviser, the Independent Board Committee considers that the proposed refreshment of the Existing Share Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolution to be proposed at the SGM to approve the refreshment of the Existing Share Issue Mandate.

7. GENERAL

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

Yours faithfully
For and on behalf of the Board
Ban Loong Holdings Limited
Chow Wang
Chairman and Chief Executive Officer



萬隆控股集團有限公司
Ban Loong Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

Independent Non-Executive Directors:

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal Place of Business in

Hong Kong:

Room 2709-10

27/F China Resources Building

No. 26 Harbour Road

Wanchai

Hong Kong

28 April 2017

To the Independent Shareholders

Dear Sirs

PROPOSED REFRESHMENT OF THE EXISTING SHARE ISSUE MANDATE

We refer to the circular dated 28 April 2017 issued by the Company to its Shareholders (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise you as to the fairness and reasonableness of the proposed refreshment of the Existing Share Issue Mandate and to recommend as to how the Independent Shareholders should vote at the SGM in respect of the resolution relating to the Refreshed Share Issue Mandate. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise us, the Independent Board Committee, and the Independent Shareholders in relation to the proposed refreshment of the Existing Share Issue Mandate.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is drawn to the letter from the Board as set out on pages 4 to 16 of the Circular, and the letter from the Independent Financial Adviser to us and the Independent Shareholders containing its advice in respect of the proposed refreshment of the Existing Share Issue Mandate as set out on pages 19 to 31 of the Circular.

Taking into account the principal factors and reasons considered by Independent Financial Adviser and its conclusion and advice, we concur with the views of the Independent Financial Adviser and consider that the proposed refreshment of the Existing Share Issue Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the refreshment of the Existing Share Issue Mandate.

Yours faithfully

The Independent Board Committee of
Ban Loong Holdings Limited

Jiang Zhi

*Independent Non-executive
Director*

Leung Ka Kui, Johnny

*Independent Non-executive
Director*

Wong Chui San, Susan

*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Shareholders for inclusion in this circular.



28 April 2017

*To: The Independent Board Committee and the Independent Shareholders of
Ban Loong Holdings Limited*

Dear Sir/Madam,

PROPOSED REFRESHMENT OF THE EXISTING SHARE ISSUE MANDATE

INTRODUCTION

We refer to our engagement as the independent financial adviser of the Independent Board Committee and the Independent Shareholders in relation to the proposed refreshment of the Existing Share Issue Mandate, details of which are contained in the letter from the board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 28 April 2017, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the content otherwise requires.

Pursuant to Rule 13.36(4) of the Listing Rules, any refreshment of the Existing Share Issue Mandate before the next annual general meeting shall be subject to the Independent Shareholders’ approval by way of poll at the SGM. Any controlling Shareholders and their associates or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution regarding the refreshment of the Existing Share Issue Mandate to be proposed at the SGM as required under Rule 13.36(4)(a) of the Listing Rules. As at the Latest Practicable Date, save for Mr. Chow Wang and Mr. Fong For, none of the other Directors (excluding independent non-executive Directors), chief executives or their respective associates hold any Shares and are required to abstain from voting in favour of the refreshment of the Existing Share Issue Mandate at the SGM.

As at the Latest Practicable Date, the Company has no controlling Shareholders. Mr. Chow Wang (an executive Director holding 430,606,000 Shares, representing approximately 9.48% of the issued share capital of the Company) and Mr. Fong For (a non-executive Director holding 349,068,000 Shares, representing approximately 7.69% of the issued share capital of the Company) have confirmed to the Company that they will abstain from voting on the resolution approving the refreshment of the Existing Share Issue Mandate at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Jiang Zhi, Leung Ka Kui, Johnny, and Wong Chui San, Susan, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on whether the proposed refreshment of the Existing Share Issue Mandate is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the dispatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations.

We have no reason to suspect that any matter, facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company.

In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the proposed refreshment of the Existing Share Issue Mandate, we have considered the following principal factors and reasons:

Background of the refreshment of the Existing Share Issue Mandate

The Company is an investment holding company and the Group is principally engaged in mining operations, money lending and trading of goods and commodities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

At the Last AGM of the Company which was held on 29 September 2016, ordinary resolution(s) were passed by Shareholders to grant to the Directors the Existing Share Issue Mandate which enabled the Directors to allot, issue and deal with Shares not exceeding 20% of aggregate nominal amount of the issued shares of the Company as at the date of the Last AGM (i.e. not exceeding 534,132,640 Shares).

Since the Last AGM of the Company and up to the Latest Practicable Date, the Company has conducted a placing of a maximum of 534,132,000 Shares (the “**January Placing**”), which was completed on 1 February 2017 whereby 534,132,000 Shares were issued under the Existing Share Issue Mandate. As disclosed in the announcement of the Company dated 19 January 2017, it was intended that the net proceeds from the January Placing, in the amount of HK\$57.14 million, would be utilized by the Company for the repayment of the outstanding unsecured 5.5% per-annum 7-years (i.e. due between January and July 2021) corporate bonds (the “**Bonds**”) with aggregate principal sum of HK\$70,000,000, if and when required to do so.

The Existing Share Issue Mandate had almost been fully utilized after the completion of the January Placing. If the Existing Share Issue Mandate is not refreshed, the Directors would only be allowed to allot and issue up to 640 Shares, representing only approximately 0.000014% of the issued share capital of the Company as at the Latest Practicable Date. The Existing Share Issue Mandate has not been refreshed since it was granted at the Last AGM.

After January Placing, there are insufficient new Shares which may be further issued and allotted under the Existing Share Issue Mandate. Therefore, in order to enable the Group to have additional options for future fund raising activities and to maintain the financial flexibility for the Group to manage its business and to raise additional equity capital for any future business development and investment opportunities, the Directors therefore propose to seek approval of the Independent Shareholders for the proposed refreshment of the Existing Share Issue Mandate such that the Directors could be granted an authority to issue, allot and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution(s) at the SGM.

As at the Latest Practicable Date, the Company had 4,540,126,800 Shares in issue. Subject to the passing of the proposed resolution for the refreshment of the Existing Share Issue Mandate and on the basis that no Share will be issued and/or repurchased by the Company prior to the SGM, the grant of the refreshment of the Existing Share Issue Mandate would allow the Directors to issue, allot and deal with up to 908,025,360 new Shares, representing 20% of the total issued share capital of the Company as at the Latest Practicable Date.

Reasons for the refreshment of the Existing Share Issue Mandate

As advised by the Company, we understand that the Directors consider equity financing to be an important avenue of resources to the Group for its general working capital and/or to finance future investments or business development since the equity financing (i) does not incur any interest paying obligations on the Group as compared with debt financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; (iii) has more certainty and is less time consuming than specific mandate which would require Shareholders' approval in a general meeting; and (iv) enables the Company to capture any capital raising and/or prospective investment opportunities which may arise from time to time in an efficient manner.

The mining operations of the Group is owned by Jun Qiao Limited (晉翹有限公司) ("**Jun Qiao**", which together with its subsidiaries are collectively referred to as the "**Jun Qiao Group**"), a company incorporated in the British Virgin Islands with limited liability and a 60%-owned subsidiary of the Company. Jun Qiao owns 100% of the issued share capital of Xing Hua Yuan Investment Group Limited (興華源投資集團有限公司) (a limited liability company in Hong Kong), which in turn owns 90% of the equity interest in 鄭州金富源礦業有限公司 (Zhengzhou Jinfuyuan Mining Company Limited) ("**Jinfuyuan Mining**", a sino-foreign equity joint venture established in the PRC), which in turn owns 90% of the equity interest in 桐柏縣銀地礦業有限責任公司 (Tong Bai County Yin Di Mining Company Limited) ("**Yin Di Mining**", a limited liability company established in the PRC). Yin Di Mining owns (a) the other 10% equity interest in Jinfuyuan Mining; (b) a mining license covering Yin Di Mining Area (銀地礦區) with an area of approximately 1.81 square kilometers situate at Tongbai County, Henan Province, the PRC; and (c) 95% of the equity interest in 新疆鑫江源礦業有限公司 (Xinjiang Xin Jiang Yuan Mining Company Limited) (a limited liability company established in the PRC), which in turn owns an exploration license which covers Hu Lei Si De Mining Area (呼勒斯德礦區) with an area of approximately 29.12 square kilometers situate at Ji Tai County (奇台縣), Xinjiang Uygur Autonomous Region (新疆維吾爾自治區), the PRC.

As disclosed in the Company's announcements dated 15 January 2017, 22 January 2017 and 1 February 2017 in relation to the litigations (the "**Litigations**") involving the mining assets held by Jun Qiao Group (the "**Mining Assets**"), the 90% equity of Yin Di Mining held by Jinfuyuan Mining was purportedly transferred to 河南省桂圓實業有限公司 (Henan Guiyuan Industry Co., Ltd.) on 17 January 2017 (the "**Purported Transfer**"), and the Group might have temporarily lost effective control over the entire operations of all Mining Assets since then. The Company intends to commence civil actions seeking to recover the 90% equity of Yin Di Mining, and to file criminal complaints against any person(s)/entity(ies) who are suspected to have conducted unlawful activities in relation to the Purported Transfer. Based on the legal advice currently obtained by the Company, the Group should have sufficient evidential bases to commence legal actions in an attempt to recover the Mining Assets. The Group has also filed criminal complaints with the relevant PRC law enforcement authorities about suspected conspiracy of fraud, false litigation and suspected use of forged documents during the course of the Litigations. The criminal case was accepted by the Public Security Bureau on 26 January 2017. Further announcement(s) will be made by the Company regarding the status of the legal action and criminal complaint as and when appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Company's interim report for the six months ended 30 September 2016 (the "**Interim Report 2016/2017**"), we note that as at 30 September 2016, the Group had the Bonds with aggregate principal sum of HK\$70,000,000. The repayment obligations of the Company under the instruments of the Bonds is guaranteed by Jun Qiao. With reference to the announcement dated 15 January 2017, under the terms of the subscription agreements in relation to the Bonds, to the extent which is legally permissible, the Company and Jun Qiao undertook to continue to maintain its interests in the Mining Assets held by Yin Di Mining (as defined in that announcement) and not to dispose of, transfer or sell any of the Mining Assets until the maturity of the Bonds, unless the consent of the majority of the bondholders is obtained.

As explained above, in light of the Purported Transfer, the Group might have temporarily lost the effective control over the entire operations of the mining segment and all Mining Assets since then. The Company is seeking to recover the Mining Assets through civil and criminal actions in the PRC, but in the event that a mutually-acceptable solution cannot be reached between the Company and the majority bondholders, the Company has to prepare itself for the redemption of the Bonds.

As stated in the Letter from the Board, the proceeds of the placing of convertible bonds announced on 19 February 2016 and the placing of shares announced on 6 June 2016 were utilized largely in accordance with their intended use. Regarding to the proceeds of the rights issue announced on 14 November 2016 and became unconditional on 28 December 2016 (the "**Rights Issue**"):

- (a) HK\$70 million was utilized in the provision of loan by the Group's money-lending division to a borrower named Queensway Asia Limited (the "**Queensway Loan**"), as disclosed by the Company on 12 December 2016 and 12 January 2017. The provision of the Queensway Loan was largely consistent with the rationale of the original intended use of proceeds of applying approximately HK\$55 million for the Group's money lending business, and the reasons and benefits for the entering into of the Queensway Loan were more particularly set out in the Company's announcements dated 12 December 2016 and 12 January 2017.
- (b) Amongst the unutilized proceeds of HK\$29.7 million, HK\$12.9 million was set aside for the repayment of the principal sum and outstanding interest of the Bonds, if and when required to do so. This amount, together with the HK\$57.14 million net proceeds raised in the January Placing, should be sufficient for the full redemption of the Bonds in the event that a mutually-acceptable solution cannot be reached between the Company and the majority bondholders.
- (c) Therefore, only HK\$16.8 million out of the unutilized proceeds raised in the Rights Issue is left for the Group's general working capital, of which HK\$7.7 million was used for (or set aside for the payment of) the accrued operating expenses (including bond interest, rental expenses, salaries and remuneration) of the Company's head office in Hong Kong for up to 31 March 2017, HK\$4.5 million was set aside for the settlement of professional fees (such as legal fees in Hong Kong and China, audit fee and printing costs), and the remaining HK\$4.6 million should be sufficient for the monthly operating expenses of the Company's head office in Hong Kong for up to May 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We also note that the Group recorded audited net loss attributable to the owners of the Company of approximately HK\$23.45 million, HK\$82.29 million and HK\$33.54 million respectively for the year ended 31 March 2014, 31 March 2015, and 31 March 2016. According to the Company's Interim Report 2016/17, the Group continued to record unaudited net loss of approximately HK\$4.58 million for the six months ended 30 September 2016. Taking into account the recent financial performance of the Group, we consider that it is commercially sensible for the Group to obtain the refreshment of the Existing Share Issue Mandate in order to provide the Group with possible equity financing which is interest and security free by nature to serve as a more cost effective means of capital raising.

As mentioned in the Letter from the Board, the Group intends to expand its business operations in the money lending business. In Hong Kong, participants in the money lending industry primarily comprise authorised institutions and licensed money lenders. Authorised institutions include licensed banks, restricted licensed banks and deposit taking companies and they are subject to the supervision of Hong Kong Monetary Authority ("HKMA") and the regulations under the Banking Ordinance. On the other hand, licensed money lenders and regulation of money lending transactions of such lenders are governed by Money Lenders Ordinance and they enjoy greater flexibility in their business operations in terms of loan sizes, requirement of income proof and the range of collateral acceptable for securing loans.

We have tried to conduct researches on the money lending industry in Hong Kong, however we found that information and statistics with regards with this industry are generally not made available through official public sources and there are no official market research and information from relevant government department conducted on the licensed money lenders in Hong Kong. However, the statistics of total loans and advances granted by authorised institutions as recorded by HKMA can act as an indicator of the credit market growth, as people usually look for borrowing from both licensed money lenders and authorised institutions to compare for better terms. As disclosed in a report named "Monthly Statistical Bulletin (February 2017 – Issue No. 270)" published by HKMA, the total loans and advances denominated in Hong Kong dollar granted by authorised institutions in Hong Kong rose from approximately HK\$3,160.0 billion as at the end of year 2011 to approximately HK\$4,479.1 billion as at the end of year 2016, representing a compound annual growth rate ("CAGR") of approximately 7.2% over the aforesaid period. The increasing trend of total loans and advances indicates a rising demand in money lending market in Hong Kong in recent years. Given the historical trend, we concur with the Directors' view that the demand for loans and advances will continue to increase. We have discussed with the management of the Company and understand from the management of the Company that there is a rising demand in money lending business in Hong Kong in recent years. Therefore, the Directors want to seize such business opportunities. The refreshment of the Existing Share Issue Mandate will provide the Group with equity fund raising alternatives to finance the Group's expansion in its money lending business. As mentioned in the Letter from the Board, as at the Latest Practicable Date, the Company has approved its existing borrowers for extension of loans, in an aggregate principal sum of over HK\$60 million, beyond the original repayment dates falling in March 2017. In addition, the Company is currently in negotiation with land and property owner(s) in Hong Kong who might be interested to apply for mortgage loan for an amount of HK\$30 million or above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Directors, the Group intends to focus on two customer segments (but not on exclusive basis), namely, Small and Medium Enterprises (“SME”s) (as in the case of HK\$70 million loan to Queensway Asia, a SME garment manufacturer) and property or land owners who may be able to fortify their repayment obligations by way of mortgage collateral.

According to Support and Consultation Centre for SMEs, which is run by the Trade and Industry Department of the Government of the Hong Kong Special Administrative Region in collaboration with various industrial and trade organisations, professional bodies, private enterprises and other Government departments to provide SMEs with business information and consultation services free of charge, a SME is a manufacturing business which employs fewer than 100 persons in Hong Kong or a non-manufacturing business which employs fewer than 50 persons in Hong Kong. As disclosed in a statistical table named “Table E101: Operating characteristics of enterprises analysed by sector (only including enterprises with employees)” published by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region, the number of SMEs has increased from 182,670 units in 2008 to 209,420 units in 2016, representing a CAGR of approximately 1.72%. Based on the increasing trend of the number of SMEs in Hong Kong, we are of the view that the money lending business in the SME segment that the Group intends to focus remain optimistic.

As disclosed in a statistical table named “Table 3.7. Residential Mortgage Survey Results” published by HKMA which is the government authority in Hong Kong responsible for maintaining monetary and banking stability and it reports to the Financial Secretary, the residential mortgage loans outstanding rose from approximately HK\$801.1 billion as at the end of year 2011 to approximately HK\$1,118.7 billion as at the end of year 2016, representing a compound annual growth rate of approximately 6.9% from 2011 to 2016. The increasing trend of residential mortgage loan indicates a rising demand in mortgage loan market in Hong Kong in recent years. Based on the aforesaid, we are of the view that the money lending business in the target segments that the Group intends to focus remain optimistic.

Given that the next annual general meeting of the Company is expected to be held on or before 30 September 2017 and the refreshment of the Existing Share Issue Mandate, if granted, will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company unless the authority is renewed either conditionally or unconditionally at such meeting; and (b) the revocation or variation of the resolution by an ordinary resolution of the shareholders of the Company in general meeting. As stated in the Letter from the Board, the Board has the intention to obtain the refreshment of the Existing Share Issue Mandate to raise further equity capital for general working capital and/or finance future investments and business development. However, as at the Latest Practicable Date, the Board has not identified any equity fund raising method and has not conducted any negotiation concerning any equity fund raising activity. We consider that the refreshment of the Existing Share Issue Mandate will not only provide the Company with the flexibility to take advantage of the market condition to raise additional funds in a timely manner, but will also broaden the shareholders base and strengthen the capital base of the Group should suitable equity fund raising opportunities are identified.

In view of the above, we are of the opinion that the refreshment of the Existing Share Issue Mandate would provide the Company with greater flexibility essential for fulfilling any possible equity financing needs for its general working capital and/or to finance future investments or business development, such as its money lending business, in a timely and cost effective manner. Consequently, we are of the view that the refreshment of the Existing Share Issue Mandate is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

History of equity fund raising activities during the last twelve months

According to the information provided by the Directors, we summarise the equity fund raising activities of the Company during the past twelve months immediately preceding the Latest Practicable Date in the following table:

Latest Practicable Date	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds	Dilution impact (Note 1)
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	As at the Latest Practicable Date, the net proceeds of the Placing have not been utilized yet	2.25%
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	<p>(a) as to approximately HK\$55 million for the development of the Group's money lending business</p> <p>(b) as to approximately HK\$50 million for the development of the Group's trading business</p> <p>(c) as to approximately HK\$37.7 million for general working capital of the Group</p>	<p>(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</p> <p>(b) as to HK\$40 million for the capital injection into Wan Long Xing Ye Commercial Trading (Shenzhen) Limited</p> <p>(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</p> <p>(d) Unutilized 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</p>	8.55%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Latest Practicable Date	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds	Dilution impact (Note 1)
6 June 2016	Placing of shares, on best effort basis, for a maximum of 190,110,640 shares at a price of HK\$0.09 per Share under the general mandate granted to the Directors at the annual general meeting held on 30 September 2015. The placing was completed on 15 June 2016 whereby a total of 190,110,000 placing shares have been successfully placed	Approximately HK\$16.60 million	For financing the Group's money lending business	Used as intended	1.29%
19 February 2016	Placing of convertible bonds, on best effort basis, with a principal amount of up to HK\$52,800,000 carrying rights to convert to Shares at the conversion price of HK\$0.12 per Share under the general mandate granted to the Directors at the annual general meeting held on 30 September 2015. The placing was completed on 4 March 2016 whereby convertible bonds with an aggregate principal amount of HK\$30,000,000 have been successfully placed	Approximately HK\$29.35 million	For financing the Group's money lending business	(a) as to HK\$26 million used for financing the Group's money lending business (b) as to HK\$3.35 million used for working capital	1.38%

Notes:

- The dilution impact of the individual fund raising activity is calculated based on the following formula (the “**Dilution Impact Formula**”):

$$\begin{array}{l}
 \text{Dilution} \\
 \text{impact of} \\
 \text{individual} \\
 \text{fund raising} \\
 \text{activity}
 \end{array}
 =
 \frac{\text{discount of the subscription price to the closing share price as quoted on the Stock Exchange prior to the announcement of that particular fund raising activity}}{\text{the number of Shares issued pursuant to that particular fund raising activity}}
 \times
 \frac{\text{the number of total issued shares as enlarged by that particular fund raising activity}}{\text{the number of total issued shares as enlarged by that particular fund raising activity}}$$

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the 12 months immediately prior to the Latest Practicable Date. Notwithstanding the fact that the aggregate shareholding dilution impact to the public Shareholders arising from the fund raising activities in the past twelve months is significant, there is an actual specific need for funding from each of the fund raising activities. We are of the view that other financing alternatives such as debt financing or bank borrowings would have incurred interest burden to the Group. In view of the above, the Directors believe and we concur that the aggregate dilution impact to the shareholding interests of the public Shareholders as a result of the fund raising activities carried out by the Company in the past twelve months is acceptable.

As shown in the table above, the Company has raised an aggregate amount of net proceeds of approximately HK\$245.79 million from four fund raising exercises during the period from 19 February 2016 to the Latest Practicable Date. Among those net proceeds raised, approximately HK\$112.6 million was used for financing the Group's money lending business, approximately HK\$40 million was used for the capital injection into Wan Long Xing Ye Commercial Trading (Shenzhen) Limited, approximately HK\$3 million was applied for the establishment of a new investment entity in Hong Kong engaging in trading, marketing and supply-chain management, approximately HK\$70.04 million was set aside for the repayment of the Bonds and approximately HK\$20.15 million was applied as general working capital. Over 45% of the net proceeds raised were used for financing the Group's money lending business.

The Group recorded bank balances and cash of approximately HK\$22.56 million as at 30 September 2016. The Group had no bank loans or borrowings with fixed term of repayment as at 30 September 2016 and the Group's unaudited net assets were approximately HK\$437.75 million as at 30 September 2016.

The Directors are of the view that the existing cash and credit resources of the Group are sufficient for the Group to conduct its daily operations and the Group has sufficient working capital to meet its present requirements. However, there is no certainty that such cash and credit resources will be adequate for business development and acquisition of appropriate investments that may be identified by the Company in the future. In the event that the Group identifies suitable business or investment opportunities and does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, the Group may lose its opportunity in an otherwise favourable development/investment.

Having considered that the refreshment of the Existing Share Issue Mandate shall provide an opportunity to improve the financial base and working capital position of the Company if and when necessary by equity financing in a timely manner, we are of the view that the proposed refreshment of the Existing Share Issue Mandate is in the interests of the Company and Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking the above in consideration and the fund raising activities in the past twelve months and having considered that the refreshment of the Existing Share Issue Mandate will (i) ensure the Company have sufficient general mandate, if so required; (ii) improve the capital base and financial position of the Company; and (iii) provide the Group with financial flexibility to raise equity capital for the Company in a timely manner for business development, potential expansion and/or investment plans in the future, we concur with the Directors that the refreshment of the Existing Share Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole.

Other financing alternatives

As set out in the Letter from the Board, the Board considers that equity financing through the use of a general mandate is an important avenue of resources to the Group as it (i) does not create any interest paying obligations on the Group as compared with debt financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) has more certainty and is less time consuming than specific mandate which would require Shareholders' approval in a general meeting; and (iv) provides the Company with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises. The Board considers that such ability is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions. As at the Latest Practicable Date, the Board has no concrete plan for raising capital by issuing new Shares upon the refreshment of the Existing Share Issue Mandate. As advised by the Company, other financing or bank borrowings to fund future business development of the Company shall be taken into consideration subject to lengthy due diligence and negotiations and in appropriate circumstances.

We are of the view that other financing alternatives such as debt financing or bank borrowings may incur interest burden to the Group and it is uncertain that the Group can obtain favourable terms of debt financing and bank borrowings in timely manner given the current financial position of the Group.

Having considered the above and the refreshment of Existing Share Issue Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future investment and/or development, including equity issuance, we are of the view that the refreshment of the Existing Share Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Potential dilution effect on shareholding structure of the Company

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose, the potential dilution effect on the shareholdings of the Independent Shareholders upon full utilization of the Refreshed Share Issue Mandate, assuming no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the SGM:

	As at the Latest Practicable Date		Immediately upon full utilization of the Refreshed Share Issue Mandate	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
Mr. Chow Wang	430,606,000	9.48	430,606,000	7.90
Mr. Fong For	349,068,000	7.69	349,068,000	6.41
New Shares to be issued under the Refreshed Share Issue Mandate	-	-	908,025,360	16.67
Public shareholders	<u>3,760,452,800</u>	<u>82.83</u>	<u>3,760,452,800</u>	<u>69.02</u>
Total	<u><u>4,540,126,800</u></u>	<u><u>100.00</u></u>	<u><u>5,448,152,160</u></u>	<u><u>100.00</u></u>

As illustrated in the table above, the existing aggregate shareholding of the Independent Shareholders will decrease from approximately 82.83% as at the Latest Practicable Date to approximately 69.02% upon full utilization of the refreshment of the Existing Share Issue Mandate, assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of the SGM. On a purely illustrative purpose, assuming that new Shares are issued at the maximum permissible 20% discount to market price and the Refreshed Share Issue Mandate is exercised to the fullest extent, the maximum dilution impact as calculated by the Dilution Impact Formula (as defined in paragraph headed "History of equity fund raising activities during the last twelve months" above) would be approximately 3.33%. Taking into account that (i) the proposed refreshment of the Existing Share Issue Mandate will provide an alternative to increase the amount of capital which may be raised under issuance of the new Shares; (ii) the refreshment of the Existing General Mandate will provide more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise; (iii) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilization of the refreshment of the Existing Share Issue Mandate; and (iv) the Directors consider that such potential dilution to the shareholdings of the existing public Shareholders is acceptable, we concur with the Directors' view that even taking into account the potential dilution impact to the existing Shareholders, the proposed refreshment of the Existing Share Issue Mandate is fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that the refreshment of the Existing Share Issue Mandate is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the refreshment of the Existing Share Issue Mandate to be proposed at the SGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the proposed refreshment of the Existing Share Issue Mandate is utilized.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Note: Mr. Robert Siu is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 18 years of experience in corporate finance industry.

In relation to the proposed resolution as set out in the SGM Notice regarding the re-election of the retiring Directors, Mr. Chu Ka Wa and Mr. Wang Zhaoqing are eligible and are offering themselves for re-election in accordance with the Company's Bye-laws at the SGM.

The biographical information of the Directors proposed for re-election is set out below.

Mr. Chu Ka Wa ("Mr. Chu")

Mr. Chu, aged 32, joined the Company in 2013 and was appointed as the Financial Controller of the Company since March 2013. Mr. Chu obtained a Bachelor of Accounting degree from The Hong Kong University of Science and Technology in 2008 and a Master of Corporate Governance degree from The Hong Kong Polytechnic University in 2016. Mr. Chu is a member of Hong Kong Institute of Certified Public Accountants. Mr. Chu had over 7 years' experience in auditing and financial management. As at the Latest Practicable Date, the Company has entered into a service contract with Mr. Chu which does not specify any fixed term of service. The remuneration of Mr. Chu as a Director is HK\$70,000 per month, which is determined by the Remuneration Committee of the Company by reference to his duties and responsibilities. Mr. Chu will hold office until the next general meeting of the Company and shall be eligible for re-election. Thereafter, his appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-laws. Mr. Chu currently acts as a director of the following subsidiaries of the Company, namely, Ban Loong Finance Company Limited and Wan Long Xing Ye Commercial Trading (Hong Kong) Limited.

Mr. Wang Zhaoqing ("Mr. Wang")

Mr. Wang, aged 53, joined the Company in 2013 and was appointed as the Chief Operating Officer of the Company since December 2013. Mr. Wang graduated from College for Administrative Personnel of the Customs, China in 1987 and College of Economics, Jinan University, Guangzhou in 1989. He also obtained a Master of Business Administration degree from Hong Kong Baptist University in 2004. Mr. Wang obtained a Doctor of Business Administration degree from Victoria University, Switzerland in 2009. From 2007 to 2008, he was a Senior Visiting Scholar in Asia School of Business Singapore. Mr. Wang has over 25 years of working experience in the business operating sector, and is experienced in financial and economic analysis, and the management of import and export. As at the Latest Practicable Date, the Company has entered into a service contract with Mr. Wang which does not specify any fixed term of service. The remuneration of Mr. Wang as a Director is HK\$55,000 per month, which is determined by the Remuneration Committee of the Company by reference to his duties and responsibilities. Mr. Wang will hold office until the next general meeting of the Company and shall be eligible for re-election. Thereafter, his appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws. Mr. Wang currently acts as director of the following subsidiaries of the Company, namely, Ban Loong Finance Company Limited and Jun Qiao Limited.

General

As at the Latest Practicable Date, save as disclosed above, each of Mr. Chu and Mr. Wang confirmed to the Company that: (a) he does not hold any other positions in the Group; (b) he does not and did not hold any directorship in other public listed companies in Hong Kong or overseas in the last three years; (c) he does not have any relationships with any other directors, senior management, substantial shareholders or controlling shareholders (as those terms are defined in the Listing Rules); and (d) he does not have any interest or deemed interest in the shares or underlying shares of the Company which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there is no other information relating to Mr. Chu and Mr. Wang that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter in relation to their appointment that needs to be brought to the attention of the Shareholders and the Stock Exchange.

NOTICE OF SGM



萬隆控股集團有限公司 Ban Loong Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of Ban Loong Holdings Limited (the “**Company**”) will be held at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 18 May 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. To re-elect the following directors of the Company (“**Directors**”), namely, (a) Mr. Chu Ka Wa and (b) Mr. Wang Zhaoqing, and to authorize the board of Directors (“**Board**”) to fix the remuneration of the Directors; and
2. “**THAT:-**
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company (“**Shares**”), and to issue, allot or grant securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements and options which might require the exercise of such powers, subject to and in accordance with applicable laws, be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period but shall not otherwise extend beyond the Relevant Period;

NOTICE OF SGM

- (c) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company, or any securities which are convertible into Shares, (iii) any employee share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares, and (iv) any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or a part of a dividend on Shares pursuant to the Bye-laws of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the approval in paragraph (a) shall be limited accordingly;
- (d) the approval in paragraph (a) above shall be additional to the authority given to the Directors at any time to allot and issue additional Shares in the capital of the Company; and
- (e) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company unless this authority is renewed either conditionally or unconditionally at such meeting; and
- (ii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the holders of the Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or stock exchange in, any territory outside Hong Kong).”

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

Hong Kong, 28 April 2017

NOTICE OF SGM

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Principal Place of Business in
Hong Kong:*
Room 2709-10
27/F China Resources Building
No. 26 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited.
4. Members are recommended to read the circular of the Company containing information concerning the resolutions proposed in this notice.
5. The register of members of the Company will be closed from Monday, 15 May 2017 to Thursday, 18 May 2017 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 May 2017.

As at the date hereof, the Board 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