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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)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE FORMATION OF JOINT VENTURE

Reference is made to the circular dated 11 September 2020 (the “**Circular**”) and the interim report (the “**Interim Report**”) dated 14 December 2020 made by Ban Loong Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Circular and Interim Report.

As disclosed in the Circular and Interim Report, the Group is in the progress of preparing for its entry into the hemp cultivation industry and setting up of its hemp cultivation plantation. The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide on a voluntary basis to keep the shareholders (the “**Shareholders**”) and potential investors of the Company informed of the latest status of its relevant preparation works in relation to the setting up of its own hemp cultivation plantation.

MOU

The Board is pleased to announce that on 23 April 2021 (after trading hours), the Company entered into a non-legally binding MOU with Yunnan Baiyao Group, a connected person of the Company, to establish a joint venture company which will be engaged in relevant businesses in the value chain and supply chain of industrial hemp (the “**JV Company**”). Details of the MOU are as follow:

Parties to the MOU	(1) Yunnan Baiyao Group (2) the Company
Equity interest ratios	The JV Company will take the form of a limited liability company to be formed in Yunnan Province, the PRC. Yunnan Baiyao Group and the Company will hold not more than 49% and not less than 51% equity interest in the JV Company respectively. Upon formation of the JV Company, the financial results of the JV Company will be consolidated into the financial statements of the Group.
Consideration	The parties to the MOU agreed that Yunnan Baiyao Group will satisfy its portion of capital contribution by way of contribution of assets, including relevant facilities for research and development, plantation, extraction and processing of industrial hemp. The Company will satisfy its portion of capital contribution by way of cash.
Composition of the board of directors and appointment of senior management	The board of directors of the JV Company shall consist of three directors, and the Company shall have the right to appoint majority of the directors. The Company shall have the right to appoint the chairman of the board and all senior management members shall also be nominated by the Company.

Major responsibilities of the Company

Subject to compliance with the relevant PRC laws and regulations, the Company agreed to and to procure its subsidiaries to, be in charge and responsible for the overall coordination of all significant matters involved in the industrial hemp cultivation, including conducting research and making decision on the type of industrial hemp to be cultivated and the demand, formulating the overall timetable for the industrial hemp cultivation, carrying out the maintenance of the plantation and the equipment, conducting the overall sale and promotion of industrial hemp products and employing relevant personnel for the implementation of the aforesaid in the JV Company.

Major responsibilities of Yunnan Baiyao Group

Subject to compliance with the relevant PRC laws and regulations, Yunnan Baiyao Group agreed to and to procure its subsidiaries to, provide assistance to the JV Company in the hemp cultivation activities according to the instructions provided by the Group, including providing assistance in the production and preparation of industrial hemp raw materials, assisting in the allocation of facilities, operation, and the overall management of resources in order to complete the industrial hemp cultivation, assisting in the introduction of other types of hemp seeds for research and development purpose, producing and developing the end products that contain cannabinoids and industrial hemp, providing support for the marketing of related products, and ensuring that all industrial hemp planting and related activities are carried out with relevant approval, licence and permit and complying with the relevant PRC laws and regulations.

Definitive agreement

After the signing of the MOU, the parties shall negotiate for the terms and conditions of the proposed formation of the JV Company and the definitive agreement no later than 30 July 2021.

GENERAL

The Directors of the Company consider that it would be beneficial for the Group to leverage on the existing infrastructure owned by Yunnan Baiyao Group, including the hemp cultivation field and equipment for hemp cultivation and extraction. The Directors consider that the entering of the MOU is in the interests of the Company and its shareholders as a whole, as the transactions contemplated under the MOU, if materialized, would enable the Group to expedite its entry into hemp cultivation, strengthen its research and development strategy as well as to bolster its market position as one of the pioneer manufacturer of hemp in the PRC, thereby adding new products to the Group's existing product portfolio and creating new growth opportunities of the Group.

Save for the provisions relating to the confidentiality, cost, and governing laws and jurisdiction, the MOU does not have any legal binding effect. The MOU may or may not lead to the entering into of the definitive agreement and the transactions contemplated thereunder may or may not be consummated. The proposed formation of the JV Company, if materialized, may constitute a connected transaction for the Company under the Listing Rules. Further announcement will be made in respect thereof as and when required by the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 April 2021

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

Executive Directors:

Mr. Wang Minghui (*Chairman*)

Mr. Chow Wang (*Deputy Chairman & Chief Executive Officer*)

Mr. Yin Pinyao

Mr. Chu Ka Wa (*Chief Financial Officer*)

Mr. Wang Zhaoqing (*Chief Operating Officer*)

Non-executive Director:

Mr. Fong For

Independent Non-executive Directors:

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan