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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 – BUSINESS UPDATE

This is a voluntary announcement made by Ban Loong Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). 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 status of the latest development. The Group has ramped up its effort in development of Cannabidiol (CBD) related end products during January 2022, details of which are set out below.

MOU

The Board is pleased to announce that the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Shenzhen Maiermei Health Technology Co., Ltd. (深圳市麥爾美健康科技有限公司) (“**Shenzhen Maiermei**”), a company incorporated with limited liability in the PRC and is an independent third party, to cooperate in the development of CBD related end products in the consumer and tobacco markets in Japan. Details of the MOU are as follow:

Parties to the MOU : (1) Shenzhen Maiermei

(2) The Company

Date : 6 January 2022

Subject matter of the MOU : Shenzhen Maiermei and the Company agreed to cooperate in the development of CBD related end products and tobacco markets in Japan.

Major responsibilities of the Company : Subject to compliance with the relevant PRC laws and regulations, the Company agreed to:

- (1) provide quality assurance for the contracted products and ensure sufficient supply of the contracted products;
- (2) provide support and necessary assistance in respect of the export of contracted products; and
- (3) if needed, provide support and advice for Shenzhen Maiermei's ODM business at a fee to be agreed between the Company and Shenzhen Maiermei.

Major responsibilities of Shenzhen Maiermei : Subject to compliance with the relevant PRC laws and regulations, Shenzhen Maiermei agreed to:

- (1) be responsible for the research on the target market in Japan, including relevant regulation, market access, management of sales and distribution channels, market expansion, as well as collection of the customer needs and providing the corresponding feedbacks;
- (2) after the definitive agreement has been entered into, ensure that there will be no new competing products in the specific channel and the contracted product has an advantageous display position in the specific channel;
- (3) provide support for product research and development according to the Company's needs, including technical solutions and formulas, ingredients, processes, flavours and fragrances;
- (4) devise specific ODM development plans and technical requirements according to the market conditions and engage the Company for providing advices on ODM of CBD products when necessary; and
- (5) pay the corresponding fees for the ODM business if the Company undertakes Shenzhen Maiermei's ODM business.

Definitive agreement : After the signing of the MOU, the parties shall use their best endeavours to negotiate for the terms and conditions of the proposed cooperation and the definitive agreement.

GENERAL

The Directors of the Company consider that it would be beneficial for the Group to leverage on the existing exclusive right owned by Shenzhen Maiermei to Japan, which would enable the Group to expedite its entry into the CBD consumer and tobacco markets in Japan. The transactions contemplated under the MOU, if materialized, would create new growth opportunities for the Group, which would in turn maximise the interests of the Company and its shareholders as a whole.

Save for the provisions relating to the confidentiality 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.

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

ESTABLISHMENT OF A SUBSIDIARY

To cope with the expansion and to fully leverage on the research capability and industry knowledge of Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司), the Group has set up a new subsidiary, Wanma Technology Yunnan Co., Ltd., (萬麻科技雲南有限公司) (“**Wanma Technology**”) on 10 January 2022. Wanma Technology has a registered share capital of RMB20.0 million and is headquartered in Kunming, Yunnan, within an economic development zone designated for industrial hemp production (中國雲南自由貿易試驗區昆明片區經開區國際工業大麻產業園). The establishment of Wanma Technology, which is principally engaged in the development, cultivation and international marketing of industrial hemp, is expected to play a key role in facilitating the Group’s vertical expansion into hemp cultivation and expansion, with the long term vision of enabling the Group to become a key player in the market of high-end health products. Synergies have also been created with the integration of the knowledge and experience of Yunnan Baiyao Group in the PRC market and the Group’s connection to Hong Kong as an international trade and financial hub.

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

Hong Kong, 19 January 2022

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. Wang Zhaoqing (*Chief Operating Officer*)

Mr. Dong Ming

Non-executive Director:

Mr. Fong For

Independent Non-executive Directors:

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan