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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)

CONNECTED TRANSACTION IN RELATION TO RESEARCH AND DEVELOPMENT STRATEGIC COOPERATION AGREEMENT

THE AGREEMENT

On 15 February 2022, the Company entered into the Agreement with Yunnan Institute, an independent legal entity wholly owned by Yunnan Baiyao Group, pursuant to which the Company and Yunnan Institute have established a strategic cooperative relationship, with a view to focusing on the R&D of industrial hemp-related products and to foster a long-term collaboration by leveraging on the resources advantages of both parties.

LISTING RULES IMPLICATIONS

As Yunnan Institute is an independent legal entity wholly owned by Yunnan Baiyao Group, the controlling shareholder of the Company, Yunnan Institute is a connected person of the Company.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceed 0.1% but are less than 5%, the Transaction constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

The Board is pleased to announce that on 15 February 2022, the Company entered into the Agreement with Yunnan Institute, an independent legal entity wholly owned by Yunnan Baiyao Group, which is the controlling shareholder of the Company. The principal terms of the Agreement are set out below.

Date: 15 February 2022

Parties: (i) The Company; and

(ii) Yunnan Institute

Term: The Agreement is valid for five years and takes effect from the date of execution of the Agreement by the legal representative or authorised representative of the parties.

Subject Matter:

Pursuant to the Agreement, the Company and Yunnan Institute have established a strategic cooperative relationship, with a view to focusing on the R&D of industrial hemp-related products and to foster a long-term collaboration by leveraging on the resources advantages of both parties. The strategic collaboration focuses on the following four aspects:

1. Technical support and consultation services

Yunnan Institute will provide technical support and consultation services in relation to the development of whole industry chain of plants, in particular industrial hemp, to the Company including without limitation the assessment of germplasm resources, guidance on planting, chemical synthesis and microbial preparation of active ingredients, research on extraction technology, evaluation of efficacy and safety, and development of food, healthcare food and formula food for special medical purposes.

2. Establishment of R&D centre

Fully leveraging on the resources advantages of each party, the parties will jointly establish a research centre with industrial hemp as the main research object (i) to develop on quality seedlings breeding; (ii) to conduct research on plantation technology, application of hemp seeds and fibre, industrial hemp processing and extraction, application of industrial hemp in areas including food and beverage, biopharmaceuticals, healthcare products, formula food for special medical purposes; (iii) to tackle key technological difficulties in industry development; and (iv) to promote the transformation of scientific and technological achievements.

3. Scientific and technological research and collaborative projects

Fully leveraging on the advantages of scientific and technological talents in Yunnan Institute, combined with the grasp of market demand of the Company, the parties will collaborate to conduct research on the areas of industrial hemp, essence and fragrance, which the collaborative projects include without limitation selection and cultivation of new breeds, plantation technology, application of hemp seeds and fibre, industrial hemp processing and extraction, application of industrial hemp in areas including food and beverage, biopharmaceuticals, healthcare products, formula food for special medical purposes. The parties will make joint filings to the government in relation to their scientific research projects.

The formation of working groups, capital injection, ownership of intellectual property rights of the scientific and technological achievements, allocation and use of government subsidies and incentives from other institutions in relation to specific collaborative projects and other details shall be agreed by the parties by entering into separate agreement(s).

4. Talent development and exchange

Subject to compliance with relevant PRC laws and regulations, to fully leverage on the edge of the Company in the international market, the parties will work jointly to contribute on talent development and exchange, and to establish a new working team for collaborative projects, such as by holding joint experimental seminars, joint training sessions and personnel exchange.

Capital contribution:

The Company shall bear the scientific research and experimental expenses arising out of the operations of laboratories for industrial hemp and other related products and provide financial support by suitable means for product R&D. Pursuant to the Agreement, the service fees would be in the total amount of HK\$10,000,000, to be contributed over five years and to be paid annually according to the progress of the collaborative projects and the evaluation of the attainment of achieved goals in that year. Pursuant to the Agreement, such service fees are the estimated operational expenses of laboratories for industrial hemp and other related products and shall be contributed by the Company.

Responsibilities of the parties to the Agreement:

Yunnan Institute shall be responsible for (i) providing a fixed experimental site; (ii) engaging in research and utilisation of plants, in particular industrial hemp, and related research on product development; (iii) deploying relevant technical personnel to ensure the implementation of the research on industrial hemp and other related products; and (iv) coordinating with the Company to conduct technological trainings and academic exchange for relevant scientific researchers.

The Company shall be responsible for (i) introducing the required equipment for R&D of industrial hemp and other related products; (ii) bearing the scientific research and experimental expenses arising out of the operations of laboratories for industrial hemp and other related products; (iii) introducing quality germplasm resources for industrial hemp and other related products; (iv) coordinating with Yunnan Institute to hire high-end professionals for refined processing of industrial hemp and other related products; and (v) providing financial support by suitable means for product R&D, of which details shall be agreed separately by the relevant parties.

REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENT

Having given due consideration to the capabilities that Yunnan Institute, the Directors consider that the Agreement and the transactions contemplated thereunder provide a good opportunity for the Group to engage in research and development in relation to industrial hemp and related areas by leveraging on Yunnan Institute's expertise and to further develop its hemp cultivation and plantation business through the establishment of a long-term, stable and cooperative relationship with Yunnan Institute, which may contribute to the long-term business growth of the Group.

The Directors (including the independent non-executive Directors) consider that the Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Agreement and the transactions contemplated thereunder and none of them is required to abstain from voting on the Board resolution(s) to approve the Agreement and the transactions contemplated thereunder.

INFORMATION ON THE GROUP

The Group is principally engaged in money lending business, trading of goods and commodities and Cannabidiol (CBD) isolate.

INFORMATION ON YUNNAN INSTITUTE AND YUNNAN BAIYAO GROUP

Yunnan Institute is an independent legal entity wholly owned by Yunnan Baiyao Group, the controlling shareholder of the Company. Yunnan Institute is principally engaged in the R&D of new pharmaceutical products, such as Chinese and Western pharmaceutical resources and preparations, botanical medicine substances, and healthcare products.

Yunnan Baiyao Group is the controlling shareholder of the Company and its principal businesses include pharmaceutical products, health products, Chinese medicine resources and pharmaceutical logistics.

LISTING RULE IMPLICATIONS

As Yunnan Institute is an independent legal entity wholly owned by Yunnan Baiyao Group, the controlling shareholder of the Company, Yunnan Institute is a connected person of the Company.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceed 0.1% but are less than 5%, the Transaction constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Agreement”	R&D Strategic Cooperation Agreement dated 15 February 2022 and entered into between the Company and Yunnan Institute in relation to the establishment of the strategic cooperative relationship between the parties
“Board”	the board of Directors
“Company”	Ban Loong Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“R&D”	research and development
“Shareholder(s)”	holder(s) of issued ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the entering into of the Agreement and the transactions contemplated thereunder
“Yunnan Baiyao Group”	Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司), a joint stock limited liability company established in the PRC whose A shares are listed on the Shenzhen Stock Exchange with stock code: 000538 and the controlling shareholder of the Company
“Yunnan Institute”	雲南省藥物研究所 (Yunnan Institute of Materia Medica*), an independent legal entity established in the PRC and wholly owned by Yunnan Baiyao Group.

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

Hong Kong, 15 February 2022

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

Executive Directors:

Mr. Dong Ming (*Chairman*)

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

Mr. Yin Pinyao

Mr. Wang Zhaoqing (*Chief Operating Officer*)

Mr. Liu Zhouyang (*Deputy Chief Executive Officer*)

Non-executive Director:

Mr. Qian Yinghui

Independent Non-executive Directors:

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan

* *for identification purpose only*