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Grandshores Technology Group Limited
雄岸科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1647)

DISCLOSEABLE TRANSACTION

**COOPERATION AGREEMENT
INVOLVING FORMATION OF JOINT VENTURE COMPANY**

The Board is pleased to announce that on 8 May 2020, HZGS Weicheng, Mr. Zhu and Ms. Xu entered into the Cooperation Agreement to set up the JV Company in Ningbo Daxie Development Zone (寧波大榭開發區) in the PRC. The JV Company will principally engage in innovative development within the business sectors of medical devices, intelligent manufacturing, artificial intelligent and industrial internet.

HZGS Weicheng, Mr. Zhu and Ms. Xu will contribute RMB25.5 million, RMB15 million and RMB9.5 million to the JV Company for 51%, 30% and 19% equity interest in the JV Company respectively.

Based on all applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules, the formation of the JV Company contemplated under the Cooperation Agreement constitutes a disclosable transaction under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 8 May 2020, HZGS Weicheng, Mr. Zhu and Ms. Xu entered into the Cooperation Agreement.

The principal terms of the Cooperation Agreement are set out below:

Date: 8 May 2020

Parties: (1) HZGS Weicheng
(2) Mr. Zhu
(3) Ms. Xu

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Zhu and Ms. Xu is a third party independent of the Company and its connected persons.

HZGS Weicheng, Mr. Zhu and Ms. Xu agreed to set up the JV Company in Ningbo Daxie Development Zone (寧波大榭開發區) in the PRC. The JV Company is tentatively named as Ningbo Grandshores Intelligent Technology Co., Ltd.* (寧波雄岸智能科技有限公司).

Capital contributions

HZGS Weicheng, Mr. Zhu and Ms. Xu have agreed to make capital contributions as follows:

	Capital contribution <i>RMB'000</i>	Percentage of equity interest in the JV Company %
HZGS Weicheng	25,500	51
Mr. Zhu	15,000	30
Ms. Xu	9,500	19
Total	<u>50,000</u>	<u>100</u>

The amount of the capital contributions to be injected by each party to the Cooperation Agreement was determined after arm's length negotiations among HZGS Weicheng, Mr. Zhu and Ms. Xu with reference to the JV Company's initial estimated funding needs and the agreed share by each party to the Cooperation Agreement. Such capital contributions shall be payable in cash as and when required by the JV Company. HZGS Weicheng's portion of the capital contribution is expected to be funded by the Group's internal resources and/or external borrowings.

The JV Company will be accounted for as a subsidiary of the Company.

Business of the JV Company

The JV Company will principally engage in innovative development within the business sectors of medical devices, intelligent manufacturing, artificial intelligent and industrial internet.

Management of the JV Company

The board of directors of the JV Company will comprise of three members, of which two will be appointed by HZGS Weicheng and one is appointed by Mr. Zhu. Significant decisions must be executed by the unanimous consent of the board. The JV Company will have one supervisor who will be appointed by HZGS Weicheng.

HZGS Weicheng will be responsible for the financial and legal affairs, borrowings, working capital maintenance of the JV Company.

Mr. Zhu will be the legal representative and general manager of the JV Company, and will be fully responsible for the procurement, commissioning, management, maintenance, iteration, and operation of medical supplies equipment, as well as the production process, including but not limited to material coordination, personnel management, production management, production capacity adjustment, quality control and cost settlement. Mr. Zhu undertakes to work full time in the JV Company after signing the Cooperation Agreement. Mr. Zhu undertakes to strictly comply with the non-competition principles and restrictions on competition for all projects within the JV Company business scope, and will only carry out the relevant business in the JV Company upon the establishment of the JV Company. Mr. Zhu will also be appointed as the chief scientist of the Company providing intellectual support for the Company in intelligent manufacturing, industrial internet, artificial intelligence and other technological innovations.

Ms. Xu will be responsible for the introduction and connection of medical resources and channels.

INFORMATION ON THE PARTIES TO THE COOPERATION AGREEMENT

HZGS Weicheng

HZGS Weicheng is a wholly-owned subsidiary of the Company and is principally engaged in provision for software and information technology services.

Mr. Zhu

Mr. Zhu, Doctor of Philosophy in Engineering, one of the selected candidates of the National Ten Million Talents Project (國家百千萬人才工程), is the national young expert with outstanding contributions and has enjoyed special government allowances. He is also one of the outstanding talents of the Zhejiang Province Ten Thousand Talent Programme (浙江省萬人計劃). He is principally engaged in artificial intelligence and intelligent human-computer interaction and collaboration algorithms and application research, including low-quality data learning theory and method research, design scalable sample adaptive multi-core clustering algorithm, etc.

Mr. Zhu, as the first accomplisher, had won four national and provincial science and technology achievement awards including the National Science and Technology Progress Second Prize (國家科學技術進步二等獎), the First Prize of Science and Technology of Zhejiang Province (浙江省科學技術一等獎), the Second Prize of Science and Technology Progress (Promotion) of the Ministry of Education (教育部科技進步(推廣類)二等獎), etc.

Mr. Zhu has conducted a lot of technical research and development, application and industrialization work in intelligent manufacturing, robotics, industrial internet, Internet of Things and artificial intelligence industrialization applications. He has actively worked on technology development, achievement transformation and industrial innovation in intelligent equipment, industrial robot integration, service robot, machine learning, deep learning, industrial machine vision, multi-view learning, intelligent human-computer interaction and collaboration, and customer-to-manufacturer (C2M) personalized flexible customization.

Ms. Xu

Ms. Xu is a medical undergraduate and has extensive investment experience and channel resources in the medical industry.

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT

The Group is principally engaged in (i) providing integrated building service in Singapore; (ii) undertaking building and construction works in Singapore; (iii) engaging in operation, maintenance and management of data centres and other high performance data processing facilities and equipment in relation to blockchain technologies, digital assets trading platform operation and blockchain strategic advisory services provision; and (iv) engaging in hemp seed research, hemp cultivation, cannabidiol (CBD) extraction and CBD downstream product application.

The Board considers that, leveraging on Mr. Zhu's extensive knowledge and experience in artificial intelligence and intelligent human-computer interaction and collaboration algorithms and application research, the establishment of the JV Company represents a strategic move for the Group to diversify its business into medical devices, intelligent manufacturing, artificial intelligent and industrial internet. The Board expects that such cooperation among the Group, Mr. Zhu and Ms. Xu will create synergy among the parties, which will in turn bring along extensive development opportunities to the Group.

Having considered the above, the Directors believe that the terms of the Cooperation Agreement are fair and reasonable and the Cooperation Agreement is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Based on all applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules, the formation of the JV Company contemplated under the Cooperation Agreement constitutes a disclosable transaction under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Grandshores Technology Group Limited (stock code: 1647), the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 8 May 2020 entered into among HZGS Weicheng, Mr. Zhu and Ms. Xu in relation to, among others, the formation of the JV Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HZGS Weicheng”	Hangzhou Grandshores Weicheng Technology Co., Ltd.* (杭州雄岸偉成科技有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“JV Company”	the joint venture company to be established among HZGS Weicheng, Mr. Zhu and Ms. Xu under the Cooperation Agreement

“Mr. Zhu”	Mr. Zhu Xinzhong (朱信忠)
“Ms. Xu”	Ms. Xu Fan (徐凡)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Grandshores Technology Group Limited
Yao Yongjie
Chairman and Executive Director

Hong Kong, 8 May 2020

As at the date of this announcement, the Board comprises Mr. Yao Yongjie as an executive Director; Mr. Chua Seng Hai and Ms. Lu Xuwen as non-executive Directors; and Mr. Chu Chung Yue, Howard, Dr. Zhang Weining and Mr. Yu Wenzhuo as independent non-executive Directors.

* *For identification purpose only*