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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
DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY

On 18 December 2020 (after trading hours), the Company entered into the Share Purchase Agreement with the Purchaser pursuant to which the Company has conditionally agreed to dispose of the entire issued share capital of the Target Company to the Purchaser at the consideration of S\$2,100,000. The Target Group is principally engaged in provision of integrated building services to small and medium size customers in Singapore. Upon Closing, the Target Company will cease to be a subsidiary of the Company and the Company will cease to hold any interests in the Target Company.

Based on all applicable percentage ratios, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

On 18 December 2020 (after trading hours), the Company entered into the Share Purchase Agreement with the Purchaser in respect of the Disposal.

SHARE PURCHASE AGREEMENT

Date: 18 December 2020

Parties: (a) the Company, as seller, and
(b) the Purchaser

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

Subject of the Disposal

The Purchaser has conditionally agreed to acquire, and the Company has conditionally agreed to sell, the entire issued share capital of the Target Company. As at the date of this announcement, the Target Company is a direct wholly-owned subsidiary of the Company.

Consideration

The consideration payable to the Company by the Purchaser shall be S\$2,100,000 and shall be payable according to the following payment schedule:

- 1) First payment of S\$630,000 shall be payable within 14 days of the date of signing of the Agreement;
- 2) Second payment of S\$840,000 shall be payable within 6 months from the Closing Date, and which shall be no later than 31 July 2021; and
- 3) Final payment of S\$630,000 shall be payable within 12 months from the Closing Date, and which shall be no later than 15 January 2022.

Payment of the consideration is secured by a charge to be executed in favour of the Company over the Sale Share. The charge over the Sale Share shall remain valid up to the date where the final payment has been made. Upon receipt of the final payment, the charge over the Sale Share shall be duly discharged.

The consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) the net assets value of the Target Group as at 30 November 2020; and (ii) the loss-making position of the Target Group in the latest financial period. The Directors consider the consideration of the Disposal to be fair and reasonable.

Conditions precedent

Closing is subject to the following conditions precedent having been fulfilled (or waived in accordance with the Share Purchase Agreement):

- 1) The warranties provided by the Company as set out in the Share Purchase Agreement, save where specifically indicated as applicable to circumstance as at Closing Date only, shall be true and correct in all respects as of the date of signing of the Share Purchase Agreement and as of the Closing Date, as though made on and as of each such date; and
- 2) The Company shall have given, made, or obtained (as the case may be) all authorisations required to be given, made, or obtained by them (as the case may be) to give effect to and complete the transactions contemplated in the transaction documents, and such authorisations not having been amended or revoked before Closing, and if any such authorisations are subject to conditions, such conditions being acceptable to the Purchaser and the Company shall have provided copies of all such authorisations to the Purchaser.

The Purchaser shall be entitled to waive any conditions precedent, in whole or in part, at any time by notice to the Company. The Company shall ensure that the conditions precedent are completed at the earliest, and in any event, no later than 15 January 2021 (or such later date as the Purchaser may determine in its sole discretion).

Closing

The Closing shall occur on the Closing Date.

Upon Closing, the Target Company will cease to be a subsidiary of the Company and the Group will cease to have any interests in the Target Group.

INFORMATION ON THE PURCHASER

The Purchaser is a Singapore citizen and merchant. From 1997 to 2017, the Purchaser worked at KM Marketing Pte. Ltd. (“**KM Marketing**”), a company incorporated in Singapore that engages in distribution of air-conditioners products, at which his last position was Assistant General Manager. KM Marketing has been a supplier of the Group since 2006.

After leaving KM Marketing, the Purchaser decided to pursue and explore opportunities in air-conditioning and construction related industries.

INFORMATION ON THE COMPANY

The Group is principally engaged in (i) providing integrated building service in Singapore; (ii) undertaking building and construction works in Singapore; (iii) 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) hemp seed research, hemp cultivation, cannabidiol (CBD) extraction and CBD downstream product application.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, it has one wholly-owned subsidiary, DRC Engineering Pte. Ltd., a limited company incorporated in Singapore which mainly provides integrated building services to small and medium size customers in Singapore.

A summary of the unaudited consolidated financial information of the Target Group for the two years ended 31 March 2020 is set out below:

	For the year ended 31 March	
	2019	2020
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Profit/(loss) before taxation	2,521	(1,657)
Profit/(loss) after taxation	2,137	(1,629)

The net asset value of the Target Group based on its unaudited management accounts as at 30 November 2020 was approximately S\$1,921,000.

FINANCIAL EFFECTS OF THE DISPOSAL ON THE TARGET GROUP

Upon Closing, the Target Group will cease to be consolidated in the Group. With reference to the unaudited net asset values of the Target Group of approximately S\$1,921,000 as of 30 November 2020, the estimated gain on disposal of the Target Group was approximately S\$179,000. The actual gain or loss on the Disposal may be different from the above and will be determined based on the financial position of the Target Group on the Closing Date and the audit by the Company's auditor upon finalisation of the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Group mainly provides integrated building services to small and medium size customers in Singapore. It's revenue and profit has been keep on decreasing and turned into a loss making position since 2020. The Disposal, if materialised, enables the Group to deploy more focus and resources to the Group's key and major customers, which will enhance the Group's quality of service and competitiveness in Singapore's integrated building service and building and construction services businesses.

The Company intends to use the proceed from the Disposal to finance the rapid expansion of the Group's blockchain technology development and application business.

The Directors consider that the terms of the Share Purchase Agreement are fair and reasonable and the Share Purchase Agreement is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Based on all applicable percentage ratios, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day of the week (excluding Saturdays, Sundays and public holidays) on which commercial banks are open for business in Singapore
“Closing”	completion of the Disposal under the Share Purchase Agreement
“Closing Date”	within 20 Business Days following the date of signing of the Agreement or on such other date as the Purchaser and the Company may mutually agree in writing and in any event no later than 15 January 2021
“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
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Company of the Sale Share subject to and upon the terms and conditions of the Share Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)
“Purchaser”	Mr. Foo Jong Seng
“S\$”	Singapore dollar, the lawful currency of Singapore
“Sale Share”	1 ordinary share of the Target Company, being the entire allotted and issued share capital of the Target Company
“Share Purchase Agreement”	the share purchase agreement dated 18 December 2020 entered into between the Company and the Purchaser for the sale and purchase of the Sale Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Innovative Plus Investments Limited
“Target Group”	the Target Company and its subsidiary
“%”	per cent

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

Hong Kong, 18 December 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.