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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)

MEMORANDUM OF UNDERSTANDING
WITH NANOGEN LABS INC.
IN RESPECT OF POSSIBLE FORMATION OF JOINT VENTURE

The board (the “**Board**”) of directors (the “**Directors**”) of Grandshores Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 29 May 2019, the Company and Nanogen Labs Inc. (“**Nanogen**”) entered into a memorandum of understanding (the “**MOU**”), pursuant to which both parties agree to cooperate by commencing a joint venture (the “**JV**”) to expand their business in Asia, in particular the business of water dispersible cannabidiol (CBD) or where legally relevant, other extracts from the hemp plant. Both parties shall further negotiate and enter into a definitive agreement for the proposed JV (the “**Definitive Agreement**”).

Subject to the terms of the Definitive Agreement, both parties agree to cooperate in the following areas:

- (a) the Company shall conduct market analysis research and feasibility studies, and Nanogen shall provide the information reasonably necessary to assist the Company in conducting such market analysis research and feasibility studies;
- (b) conditional upon the result of the market analysis research and feasibility studies, both parties shall negotiate the structure of the JV;
- (c) subject to the conclusion of the discussions under paragraph (b) above and the market analysis research and feasibility studies under paragraph (a) above, both parties shall proceed to engage a legal adviser for the incorporation of the JV and drafting the agreements and documents required for the JV;
- (d) further to the establishment of the JV, both parties shall proceed to design and develop production lines of products for the JV in Asia; and
- (e) other collaborations could include the Company producing CBD, cannabinol (CBN) or other extract contents in accordance with Nanogen’s requirements to supply its business expansions in Europe.

If the possibilities for cooperation appear to be feasible after further discussion between the parties, the parties shall enter into negotiations with a view to finalise the terms of the JV by entering into a Definitive Agreement as may be necessary and appropriate to put the proposed cooperation into effect.

The MOU shall continue to be in effect from the date of the MOU until termination by either party with immediate effect upon serving a written notice to the other party, or upon the entering of any Definitive Agreement(s) governing the cooperation. The MOU does not constitute a legally binding contract or otherwise give rise to legally enforceable rights and obligations, save for provisions relating to preliminary discussions, effect, governing law and arbitration.

Nanogen is a private company established in the United States that specialises in manufacturing technology for active ingredients of infused industrial/medical hemp products. It maintains the leading position of its products and technologies in the industry. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Nanogen and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

The Board believes that, given the respective strength, resources and expertise of the Group and Nanogen, the proposed cooperation is expected to enable the Group to further expand its industrial/medical hemp related businesses and bring long term value to the Group.

Shareholders and potential investors of the Company should note that the MOU only sets out the intention of the parties in relation to the proposed cooperation, and that the MOU may or may not lead to the entering into of the Definitive Agreement. The Board wishes to emphasize that no binding agreement in relation to the proposed cooperation has been entered into by the Company as at the date of this announcement. The proposed JV, if materialized, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in respect of the proposed cooperation as and when appropriate in compliance with the Listing Rules.

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

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

Hong Kong, 29 May 2019

As at the date of this announcement, the Board comprises Mr. Yao Yongjie, Ms. Li Jia and Mr. Zou Chendong as executive Directors; 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.