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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 FRAMEWORK AGREEMENT
INVOLVING FORMATION OF JOINT VENTURE COMPANY —
ZHEJIANG TAIHUOTONG CULTURAL COMMUNICATION CO., LTD.

The Board is pleased to announce that on 6 November 2020, HZGS Weicheng and Mr. Du entered into the Cooperation Framework Agreement to set up the JV Company in the PRC. The JV Company will be principally engaged in the development within the business sectors of digital media marketing, live commerce, multi-channel network (“MCN”) and influence economy. HZGS Weicheng and Mr. Du (including the person(s) or entity(ies) specified by Mr. Du) will contribute RMB15 million and RMB5 million to the JV Company for 75% and 25% equity interests in the JV Company respectively.

The Board is pleased to announce that on 6 November 2020, HZGS Weicheng and Mr. Du entered into the Cooperation Framework Agreement.

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

Date: 6 November 2020

Parties: (1) HZGS Weicheng

(2) Mr. Du

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Mr. Du is a third party independent of the Company and its connected persons.

HZGS Weicheng and Mr. Du agreed to set up the JV Company in the PRC. The JV Company is tentatively named as Zhejiang Taihuotong Cultural Communication Co., Ltd.* (浙江帶貨通文化傳播有限公司)。

* For identification purpose only

JV COMPANY

The proposed issued share capital of the JV Company is RMB20 million, of which RMB15 million and RMB5 million will be subscribed by HZGS Weicheng and Mr. Du (including the person(s) or entity(ies) specified by Mr. Du) respectively. Upon completion of the establishment of the JV Company, HZGS Weicheng and Mr. Du (including the person(s) or entity(ies) specified by Mr. Du) will hold 75% and 25% of the issued share capital of the JV Company respectively. The JV Company will become a subsidiary of the Company and its financial results will be consolidated for in the consolidated financial statements of the Group.

The amount of the capital contributions was determined after arm's length negotiations between the parties to the Cooperation Framework Agreement with reference to the proposed funding needs of the JV Company and the capital contribution intention of the parties to the Cooperation Framework Agreement. HZGS Weicheng and Mr. Du should gradually pay in capital contributions in proportion to their shareholding ratio within reasonable time in response to the business development needs of the JV Company. The capital contribution of HZGS Weicheng will be paid by the funds of the Group in cash.

Business of the JV Company

The JV Company will principally be engaged in businesses related to the business sectors of digital media marketing, live commerce, MCN and influence economy.

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 will be appointed by Mr. Du. The chairman of the board of directors of the JV Company will be appointed by HZGS Weicheng while the supervisor and the general manager will be appointed by Mr. Du.

HZGS Weicheng will be responsible for raising of operating capital, exploring business opportunities and realization of commercialization of all kinds of resources for the JV Company.

As a dominant private traffic figure in the PRC, Mr. Du undertakes to extend sole, exclusive digital marketing cooperation with HZGS Weicheng and the JV Company after signing this framework agreement. He will also be responsible for devoting all the commercial resources which may be exploited from his speeches, promotions and other activities to the JV Company, providing advice to it and fully supporting its operation.

INFORMATION ON THE PARTIES TO THE COOPERATION FRAMEWORK 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. Du

He is a well-known writer, entrepreneur and short video researcher in the PRC. His best-selling books include *Micro-blog Micro Force Without Boundary* (《微力無邊》). Being known as the “Godfather of the PRC micro-blog marketing”, he has numerous fans, and a considerable proportion of whom are elites of various industries.

REASONS FOR AND BENEFITS OF THE COOPERATION FRAMEWORK AGREEMENT

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.

The Board considers that, leveraging on Mr. Du’s extensive knowledge, experience and influence in the business sectors of digital media marketing, live commerce, MCN and influence economy, the establishment of the JV Company represents a strategic move for the Group to diversify its business into digital media marketing, live commerce, MCN and influence economy. The Board expects that such cooperation between the Group and Mr. Du will create synergy between them, which will in turn bring along extensive development opportunities to the Group.

The Directors are of the view that the terms of the Cooperation Framework Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Based on the applicable percentage ratios, the formation of the JV Company under the Cooperation Framework Agreement constitutes a disclosable transaction of the Company under 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 Framework Agreement”	the cooperation framework agreement dated 6 November 2020 entered into between HZGS Weicheng and Mr. Du 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
“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 between HZGS Weicheng and Mr. Du under the Cooperation Framework Agreement
“Mr. Du”	Mr. Du Zijian (杜子建)
“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, 6 November 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.

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