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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 AND CONNECTED TRANSACTION ACQUISITION OF THE REMAINING 40% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

On 3 October 2022 (after trading hours), GS Blockchain, a wholly owned subsidiary of the Company, and Ms. Zhou entered into the Agreement, under which GS Blockchain as purchaser has conditionally agreed to acquire, and Ms. Zhou as vendor has conditionally agreed to sell the Sale Shares, representing 40% of the total issued share capital of the Target Company for a consideration of HK\$6,050,000.

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

Ms. Zhou holds 40% equity interest in the Target Company, a non-wholly owned subsidiary of the Company. Ms. Zhou is a substantial shareholder of a subsidiary of the Company and is therefore a connected person of the Company under the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Based on all applicable percentage ratios and the consideration of the Acquisition, the Acquisition is exempt from the circular (including independent financial advice) and shareholders' approval requirements.

On 3 October 2022 (after trading hours), GS Blockchain, a wholly owned subsidiary of the Company, and Ms. Zhou entered into the Agreement in respect of the Acquisition.

AGREEMENT

A summary of the principal terms of the Agreement is set out below:

Date: 3 October 2022

Parties: (i) GS Blockchain, as purchaser
(ii) Ms. Zhou, as vendor

Asset to be acquired

GS Blockchain has conditionally agreed to acquire, and Ms. Zhou has conditionally agreed to sell, the Sale Shares, representing 40% of the total issued share capital of the Target Company. Please refer to the section headed “Information of Target Company” in this announcement for details of the Target Company.

Consideration

The consideration for the Acquisition of HK\$6,050,000 was arrived at after arm’s length negotiations between GS Blockchain and Ms. Zhou on normal commercial terms with reference to the net asset value of the Target Company as at 31 August 2022 in the amount of approximately HK\$15.7 million, and the financial performance of the Target Company.

Reference is made to the announcement of the Company dated 4 April 2022 in respect of the Loan Agreement between GS Blockchain and Ms. Zhou. As at the date of the Agreement, the outstanding balance of the Loan and the corresponding accrued interest receivable from Ms. Zhou are totalling approximately HK\$6.03 million.

The consideration shall be partly payable by GS Blockchain to Ms. Zhou upon Completion by setting off the outstanding balance of the Loan and the accrued interest. Balance of the consideration shall be payable in cash upon Completion.

Completion

Completion shall take place immediately upon signing of the Agreement or at such other place or time as the parties to the Agreement shall agree.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company.

INFORMATION OF TARGET COMPANY

The Target Company, a company with limited liability incorporated under the laws of Hong Kong, is principally engaged in provision for blockchain services and trading of cryptoassets. As at the date of the Agreement, the Target Company is owned as to 60% by GS Blockchain and 40% by Ms. Zhou.

The financial information of the Target Company prepared in accordance with International Financial Reporting Standards is set out below:

	Five months ended 31 August 2022	Year ended 31 March 2022	Year ended 31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before income tax	1,226	(41)	30,422
Profit/(loss) after income tax	1,024	(41)	25,578

The net asset value of the Target Company as at 31 August 2022 was approximately HK\$15.7 million.

INFORMATION OF THE PARTIES TO THE AGREEMENT

GS Blockchain is a wholly owned subsidiary of the Company and is an investment holding company.

The Company is an investment holding company and the principal activities of its operating subsidiaries are providing integrated building services and undertaking building and construction works in Singapore. The Group is also engaging in blockchain technology development and application business, industrial hemp business and financial services business.

Ms. Zhou is a merchant in the PRC. The original cost of the Sale Shares to Ms. Zhou was approximately HK\$5.8 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is principally engaged in provision for blockchain services and trading of cryptoassets, its assets includes a number of bitcoins. Whilst cryptocurrencies are extremely volatile and the price of cryptocurrencies has been on a downward trajectory in 2022, the Board is cautiously optimistic about cryptocurrencies' long-term prospect. Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company. The Board considers this would facilitate better implementation of the Group's strategies into the Target Company.

In addition, the consideration of for the Acquisition of HK\$6,050,000 represents a discount of approximately 3.9% to the attributable net asset value of the Target Company as at 31 August 2022.

Having considered the above factors and reasons, the Board (including all the independent non-executive Directors) considers that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better and is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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

Ms. Zhou holds 40% equity interest in the Target Company, a non-wholly owned subsidiary of the Company. Ms. Zhou is a substantial shareholder of a subsidiary of the Company and is therefore a connected person of the Company under the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Based on all applicable percentage ratios and the consideration of the Acquisition, the Acquisition is exempt from the circular (including independent financial advice) and shareholders' approval requirements.

None of the Directors has a material interest in the Acquisition. Accordingly, none of the Directors was required to abstain from voting on the board resolution relating to the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by GS Blockchain from Ms. Zhou
“Agreement”	the agreement dated 3 October 2022 entered into between GS Blockchain and Ms. Zhou in respect of the Acquisition
“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
“Completion”	completion of the Acquisition under the terms and conditions of the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“GS Blockchain”	Grand Shores Blockchain Group Limited
“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 of Hong Kong Limited
“Loan”	a loan in the principal amount of HK\$5,800,000 provided by GS Blockchain to Ms. Zhou
“Loan Agreement”	the agreement dated 4 April 2022 entered into between GS Blockchain and Ms. Zhou in respect of the Loan
“Ms. Zhou”	Ms. Zhou Hongmei
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Sale Shares”	5,800,000 shares of the Target Company held by Ms. Zhou, representing 40% of the total issued share capital of the Target Company as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Target Company”

Grandshores Creative Technology Limited

“%”

per cent.

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

Hong Kong, 3 October 2022

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