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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)**

### **STRATEGIC COOPERATION FRAMEWORK AGREEMENT IN RESPECT OF PROPOSED 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 7 September 2019, the Company and Libosoils LLC. (“**Libosoils**”) entered into a strategic cooperation framework agreement (the “**Agreement**”).

Pursuant to the Agreement, the Company and Libosoils intend to establish a joint venture company in the US (the “**Joint Venture**”) to jointly develop the industrial hemp business, in which the Company will have no less than 70% equity interest in the Joint Venture. The Joint Venture will (i) possess a processing plant for extraction with annual production of cannabidiol (“**CBD**”) not lower than 25 tons in Oregon in the US by way of direct investment, cooperation and acquisition; and (ii) establish a good relationship with the local farmers and government in Oregon, facilitate the plantation of industrial hemp and its processing production and quality in Oregon and form a better foundation for raw materials; and (iii) proactively promote the CBD products of the Joint Venture worldwide.

For the purpose of cooperative arrangement, pursuant to the Agreement, the Company and Libosoils intend (i) to jointly form the Joint Venture in early October 2019, followed by Libosoils which will transfer all of the qualification(s) it owns relevant to industrial hemp plantation and processing to the Joint Venture; and (ii) to put in place the first sum of investment capital based on the construction readiness of the processing plant for CBD extraction and the capital requirement within October 2019 and thereafter put in place the investment capital in due course based on the development of the project until the end of construction that has come into operation; and (iii) that Libosoils will seek to obtain the relevant qualifications for local extraction processing, sale and plant construction of CBD in Oregon within 2 months following the first sum of investment capital in place, complete overall construction within 3 months and commence trial operation. Libosoils will be in charge of the production management, staff training and establishment of an optimal production management system, for the project.

The term of the Agreement shall be 5 years and the Company will act as the only cooperative partner with Libosoils in Oregon in respect of the project of processing plant for CBD extraction during the course of cooperation.

The Agreement provides a strategic cooperation framework between the Company and Libosoils and shall not constitute a legally binding contract or otherwise result in legally enforceable right and liability. All transactions (including proposed formation of the Joint Venture) contemplated thereunder shall be subject to the definitive agreement to be entered into between the Company and Libosoils.

Libosoils, a company established in 2015, is an enterprise locally renowned for its industrial hemp plantation and processing in Oregon in the US, has obtained the qualifications for industrial hemp plantation and processing in Oregon and has extensive management and operation experience in industrial hemp plantation and extraction. Currently, Libosoils owns 9 farms with total land area of approximately 3,000 mu available for industrial hemp plantation, planning to cooperate with the local farmers in Oregon to expand its plantation area to above 100,000 mu gradually, and the average CBD content in its planted industrial hemp exceeds 13% while Libosoils has prepared part of land, plants and equipment for the project of processing plant for CBD extraction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Libosoils 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 considers that, given the respective strength, resources and expertise of the Group and Libosoils, the proposed cooperation is expected to enable the Group to further expand its industrial hemp related businesses and bring long term value to the Group.

The proposed formation of the Joint Venture, if materialized, may constitute a notifiable transaction for the Company under the Listing Rules. The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules.

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

Hong Kong, 9 September 2019

*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.*