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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)

SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 25 April 2022, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price of HK\$0.1438 per Subscription Share.

The Subscription Shares represent (i) approximately 9.13% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 8.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares).

The Subscription Shares will be allotted and issued under the General Mandate.

The gross proceeds from the Subscription will be approximately HK\$14.38 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$14.30 million.

Shareholders and potential investors should note that the Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 25 April 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price of HK\$0.1438 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date: 25 April 2022

Parties: (i) the Company as the issuer; and
(ii) the Subscriber as the subscriber

The Subscriber is a PRC merchant with rich experiences and strong networks in corporate finance and investment sector. The Subscriber was an investment director of Hna Tourism Group Co., Ltd. from April 2009 to October 2013. He was an investment director of Sun Life Everbright Life Asset Management Co., Ltd. from October 2013 to December 2019.

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

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 100,000,000 Shares at the Subscription Price of HK\$0.1438 per Subscription Share.

Assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 9.13% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 8.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$1,000,000.

Subscription Price

The Subscription Price of HK\$0.1438 per Subscription Share represents:

- (i) a discount of approximately 4.13% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;

- (ii) a discount of approximately 11.00% to the average closing price of approximately HK\$0.1634 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately preceding the date of the Subscription Agreement; and
- (iii) a discount of approximately 13.43% to the average closing price of approximately HK\$0.1661 per Share as quoted on the Stock Exchange for the last ten (10) trading days immediately preceding the date of the Subscription Agreement.

The net proceeds from the Subscription, after deduction of relevant expenses, is estimated to be approximately HK\$14.30 million. The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.143 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account the prevailing market price of the Shares and the trading volume of the Shares. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Ranking

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

Conditions precedent

The obligations of the Subscriber to subscribe and pay for, and the obligations of the Company to allot and issue to the Subscriber, the Subscription Shares are subject to the fulfilment of the following Conditions Precedent on or before the Long Stop Date:

- (a) the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and permission to deal in, the Subscription Shares; and
- (b) any other approval as may be required by applicable laws, rules or regulations for the Subscription shall have been granted.

The conditions set out in paragraphs (a) and (b) above are not waivable by either party.

Completion

Completion shall take place within 10 Business Days after the fulfilment of the Conditions Precedent. In the event that any of the Conditions Precedent has not been fulfilled on or prior to the Long Stop Date, the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations under the Subscription Agreement.

Lock-up undertaking

Pursuant to the Subscription Agreement, there will be lock-up period of 6 months after the date of Completion.

During the lock-up period, the Subscriber undertakes not to, and shall procure its nominees and company controlled by him and trusts associated with him (whether individually or together and whether directly or indirectly) not to: (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Subscription Shares or any interests therein beneficially owned or held by the Subscriber; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Subscription Shares or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Company.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 219,008,000 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. As at the date of this announcement, 219,008,000 Shares remain available for issuance under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the business operations of the Group since it will provide the Company with immediate funding. Furthermore, the Subscriber's experience and network in PRC capital market will be beneficial to Group to explore various investment and financing opportunities in PRC.

The Directors consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

The gross proceeds from the Subscription will be approximately HK\$14.38 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$14.30 million. The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.143 per Subscription Share. The Company intends to apply the net proceeds from the Subscription as general working capital to finance the Group's business and fund potential developments.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,095,040,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the date of Completion) are summarised as follows:

Shareholders	Note	As at the date of this announcement		Immediately following Completion	
		Numbers of Shares	% (Approx.)	Numbers of Shares	% (Approx.)
Morgan Hill Holdings Limited (“ Morgan Hill ”)	1	365,175,000	33.35	365,175,000	30.56
Yao Yongjie (“ Mr. Yao ”)	1, 2	366,175,000	33.44	366,175,000	30.64
Great Scenery Ventures Limited (“ Great Scenery ”)	1, 3	365,175,000	33.35	365,175,000	30.56
Emperor Grand International Limited (“ Emperor Grand ”)	1, 4	365,175,000	33.35	365,175,000	30.56
Mr. Zhu Guangping (“ Mr. Zhu ”)	1	365,175,000	33.35	365,175,000	30.56
The Subscriber		0	0	100,000,000	8.37
Other public shareholders		728,865,000	66.56	728,865,000	60.99

Note:

1. The shareholding interests in 365,175,000 Shares represents the same block of Shares.
2. Mr. Yao is the chairman of the Board and an executive Director and the 1,000,000 Shares are personally owned by Mr. Yao.
3. Great Scenery’s deemed shareholding interests were held by virtue of the 51% in Morgan Hill. Great Scenery is wholly and beneficially owned by Mr. Yao.
4. Emperor Grand’s deemed shareholding interest were held by virtue of its 49% shareholding interests in Morgan Hill. Emperor Grand is wholly and beneficially owned by Mr. Zhu.

Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM”	the annual general meeting of the Company held on 17 September 2021
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for general banking business (except a Saturday, Sunday and public holiday defined under the Interpretation and General Clauses Ordinance (Chapter 1 of the laws of Hong Kong) or a day on which a typhoon signal No.8 or above or black rainstorm warning is hosted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Grandshores Technology Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1647)
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Conditions Precedent”	the conditions precedent to Completion, as more particularly set out under the paragraph headed “The Subscription Agreement - Conditions precedent” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 June 2022
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Liu Zihao, a PRC merchant and a third party independent of the Company and its connected persons
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 25 April 2022 entered into between the Company as issuer and the Subscriber as subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.1438 per Subscription Share
“Subscription Shares”	100,000,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“%”	per cent

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

Hong Kong, 25 April 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, Dr. Zhang Weining and Mr. Yu Wenzhuo as independent non-executive Directors.