

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

### **MAJOR TRANSACTION – ACQUISITION OF THE PROPERTY AND CHANGE IN USE OF PROCEEDS FROM THE LISTING**

#### **THE ACQUISITION**

The Board is pleased to announce that on 13 June 2023, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Option to Purchase with the Vendor, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell, the Property at the consideration of S\$9,050,000 (exclusive of GST).

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) for the Company in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and would be required to abstain from voting if the Company were to convene an EGM for the approval of the Acquisition.

A circular of the Company containing, among others, further details of the Acquisition will be despatched to the Shareholders in accordance with the Listing Rules on or before 5 July 2023.

## **CHANGE IN USE OF PROCEEDS FROM THE LISTING**

As at the date of this announcement, the Unutilised Net Proceeds from the Listing amounted to approximately S\$7.0 million. For the reasons set out in the paragraph headed “Reasons for and benefits of the Acquisition of the Property and change in use of proceeds from the Listing” in this announcement below, the Board intends to change the use of Unutilised Net Proceeds from the Listing to acquire the Property as mentioned above, which such Acquisition is subject to the Shareholders’ approval in the EGM.

## **THE ACQUISITION**

The Board is pleased to announce that on 13 June 2023, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Option to Purchase with the Vendor, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell, the Property at the consideration of S\$9,050,000 (exclusive of GST).

The principal terms of the Option to Purchase are set out below:

Date: 13 June 2023

Parties: (1) The Vendor

(2) The Purchaser

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Property to be acquired**

The Property to be acquired is located at 40 Kaki Bukit Crescent, Singapore 416266. As at the date of this announcement, the Vendor is the legal and beneficial owner of the Property. The Property comprises of a four-storey factory-workshop building, with total gross floor area of 16,119 square feet. At Completion, the Property shall be sold to the Purchaser on an “as is where is” basis, subject to the existing tenancy of level 1 and level 2 in respect of the Property which will expire in August 2025. To the best knowledge, information and belief of the Director, having made all reasonable enquiries, as at the date of this announcement, level 1 and level 2 of the Property have been leased to a tenant generating total annual rental income of approximately S\$114,000 (exclusive of GST) and S\$151,000 (exclusive of GST) for the two years ended 31 March 2022 and 2023, respectively. The use of the Property shall be office and foreign workers’ dormitories.

## **Consideration and payment terms**

The consideration is in the sum of S\$9,050,000 (exclusive of GST), which has been/will be paid in the following manners:

- (a) S\$90,500 (exclusive of GST) was paid by the Purchaser to the Vendor at the time of granting the Option to the Purchaser;
- (b) S\$362,000 (exclusive of GST) was paid by the Purchaser to the Vendor as deposit upon the exercise and acceptance of the Option; and
- (c) S\$8,597,500 (exclusive of GST), being remaining balance of the Consideration, will be payable by the Purchaser to the Vendor upon Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among others, the preliminary property valuation of the Property of S\$9,050,000 carried out by Ravia Global Appraisal Advisory Limited, an independent property valuer appointed by the Company. The valuer has valued the property by direct comparison approach assuming sale of the property in their existing states and by making reference to comparable sales transactions as available in the relevant market. The Company will include the valuation report of the Property in the circular to be despatched to the Shareholders. It is expected that the Consideration will be funded by the Unutilised Net Proceeds from the Listing and the Company's internal resources.

## **Completion**

The sale and purchase of the Property shall be completed on 29 November 2023 or on such date as may be agreed by the Vendor and the Purchaser.

## **INFORMATION OF THE GROUP AND THE PURCHASER**

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in providing integrated building services and undertaking building and construction works in Singapore. The Group is also engaging in blockchain technology development and application business and industrial hemp business. The Purchaser is a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company, which is a licensed building contractor.

## **INFORMATION OF THE VENDOR**

The Vendor is a company incorporated in Singapore with limited liability which is principally engaged in civil engineering and building construction.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **USE OF PROCEEDS FROM THE LISTING**

Reference is made to the Prospectus, the Annual Report 2022, and Interim Report 2022. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus.

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the net proceeds raised from the Listing as follows:

- (i) approximately 57.8% of the net proceeds for various investments in manpower and plant and equipment for expanding the Group’s scale of operation and undertaking more integrated building services projects in Singapore (“**Planned Use A**”);
- (ii) approximately 32.3% of the net proceeds for various investments in manpower and plant and equipment for expanding in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works, and air-conditioning works (“**Planned Use B**”); and
- (iii) approximately 9.9% of the net proceeds for use as general working capital.

The actual Net Proceeds raised from the Listing, after deducting underwriting fees and commissions and other expenses in connection with the Listing, were approximately S\$21.6 million.

As disclosed in the Annual Report 2022 and the Interim Report 2022, approximately S\$12.5 million was allocated for various investments in manpower and plant and equipment for expanding the Group’s scale of operation and undertaking more integrated building services projects in Singapore, S\$7.0 million was allocated for various investments in manpower and plant and equipment for expanding in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works, and air-conditioning works, and S\$2.1 million was allocated for use as general working capital. As at the date of this announcement, the Group has utilised approximately S\$14.6 million, representing approximately 67.4%, of the Net Proceeds from the Listing as follows:

	Net Proceeds from the Listing	Amount utilised as at 1 October 2022	Balance as at 1 October 2022	Amount utilised between 1 October 2022 and up to the date of the announcement	Amount utilised as at the date of this announcement	Balance as at the date of this announcement	Proposed application of the Unutilised Net Proceeds from the Listing
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Intended use of Net Proceeds from the Listing							
Planned Use A	12,475	6,223	6,252	1,055	7,278	5,197	-
Planned Use B	6,971	4,549	2,422	590	5,139	1,832	-
General working capital	2,137	2,137	-	-	2,137	-	-
Acquisition of the Property	-	-	-	-	-	-	7,029
	<u>21,583</u>	<u>12,909</u>	<u>8,674</u>	<u>1,645</u>	<u>14,554</u>	<u>7,029</u>	<u>7,029</u>

The Unutilised Net Proceeds from the Listing are expected to be utilised upon Completion.

## **CHANGE IN USE OF PROCEEDS FROM THE LISTING**

As at the date of this announcement, the Unutilised Net Proceeds from the Listing amounted to approximately S\$7.0 million. For the reasons set out in the paragraph headed “Reasons for and benefits of the Acquisition of the Property and change in use of proceeds from the Listing” set out in this announcement below, the Board intends to change the use of Unutilised Net Proceeds from the Listing to acquire the Property as mentioned above, which such Acquisition is subject to the Shareholders’ approval in the EGM.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE PROPERTY AND CHANGE IN USE OF PROCEEDS FROM THE LISTING**

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 and industrial hemp business.

The Group currently hires over 270 foreign workers to carry out integrated building works and building and construction works, and about 70% of the Group’s foreign workers are staying in dormitories operated by third parties. Since early 2023, the Group has experienced a significant increase in monthly rental rates of foreign workers’ dormitories by approximately 50% as compared to the monthly rental rates in 2021. The Group is currently leasing foreign workers’ dormitories

operates by third parties and such dormitory leases are expected to be renewed with increased rental rates in the second half of 2023 and the first half of 2024. The Directors expected that the rental rates of foreign workers' dormitories will continue to increase in the near future having considered the existing availability of foreign workers' dormitories in the market since early 2023.

In view of the above, the Group intends to use part of the Property as its own foreign workers' dormitories and part of the Property as its own office. As level 1 and level 2 of the Property are currently used as office and level 3 and level 4 of the Property are currently used as workers' dormitories, the Directors expected that about 40% foreign workers of the Group could be moved to level 3 and level 4 of the Property after the Acquisition which could save rental expenses of foreign workers' dormitories for the Group of approximately S\$800,000 annually. In addition, the Group can also provide more spacious working area for back office employees or for future expansion if necessary. After the Acquisition, the Board will liaise with the tenant for the existing tenancy arrangement.

The Directors are of the view that the acquisition of the Property could secure available foreign workers' dormitories for the Group's foreign workers and could save rental expenses of leasing foreign workers' dormitories operated by third parties in the long run and therefore intend to change the use of the Unutilised Net Proceeds from the Listing to fund the Acquisition.

The Group is still mainly focusing on providing integrated building services and undertaking building and construction works in Singapore. If future expansion is needed in relation to the aforesaid business, the Group is still able to use its internal resources to fund such expansion, having considered its available financial resources.

Having considered all of the above, the Directors believe that it is an appropriate time to acquire the Property, and the Directors (including the non-executive Directors and the independent non-executive Directors) consider that the terms and conditions of the Option to Purchase are reasonable and fair and in the interests of the Shareholders as a whole. The Board also considered that the proposed change in use of Unutilised Net Proceeds from the Listing will not have any material adverse impact on the operations of the Group and is fair and reasonable as this would allow the Group to deploy its financial resources more effectively to enhance the profitability of the Group and is therefore in the best interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) for the Company in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and would be required to abstain from voting if the Company were to convene an EGM for the approval of the Acquisition.

A circular of the Company containing, among others, further details of the Acquisition will be despatched to the Shareholders in accordance with the Listing Rules on or before 5 July 2023.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Property pursuant to the Option to Purchase
“Annual Report 2022”	the annual report of the Company for the year ended 31 March 2022 published on 28 July 2022
“Board”	the board of Directors of the Company
“Company”	Grandshores Technology Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Option to Purchase
“Consideration”	the consideration in the amount of S\$9,050,000 (exclusive of GST) for the Acquisition pursuant to the Option to Purchase
“COVID-19”	Coronavirus Disease 2019
“Directors”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and approve the Acquisition
“Group”	the Company and its subsidiaries
“GST”	Goods and services tax in Singapore
“Interim Report 2022”	the interim report of the Company for the six months ended 30 September 2022 published on 29 December 2022
“Listing”	the shares of the Company were listed on the Main Board of the Stock Exchange on 30 March 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Net Proceeds from the Listing”	the actual net proceeds raised from the Listing, after deducting underwriting fees and commissions and other expenses in connection with the Listing, of approximately S\$21.6 million
“Option”	the option to purchase the Property pursuant to the terms and conditions of the Option to Purchase
“Option to Purchase”	the option to purchase agreement entered into between the Purchaser and the Vendor on 13 June 2023 in respect of the sales and purchase of the Property
“Property”	40 Kaki Bukit Crescent, Singapore 416266
“Prospectus”	the prospectus of the Group dated 20 March 2017 in relation to the Listing
“Purchaser”	SH Integrated Services Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“S\$”	Singapore dollars, the lawful currency of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unutilised Net Proceeds from the Listing”	the unutilised net proceeds from the Listing of approximate S\$7,029,000 as at the date of announcement
“Vendor”	Avenue Engineering Pte. Ltd., a company incorporated in Singapore with limited liability. The ultimate shareholder is Mr. Keh Soon Heng, who is a third party independent of the Company and its connected persons (as defined under the Listing Rules)
“%”	per cent

*For the purpose of this announcement, the exchange rate of S\$1.00 = HK\$5.84 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such a rate.*

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

Hong Kong, 13 June 2023

*As at the date of this announcement, the Board of the Company 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. Fan Jianyin as independent non-executive directors.*