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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)

**EQUITY TRANSFER FRAMEWORK AGREEMENT —
POSSIBLE ACQUISITION OF
51% EQUITY INTEREST IN SUMA BIO**

On 22 November 2019, the Company, HMI Group and Suma Bio entered into the Framework Agreement, pursuant to which the Company intends to acquire, and HMI Group intends to sell, 51% equity interest in Suma Bio.

Suma Bio's business scopes include (i) industrial hemp and seed scientific research, cultivation, planting, processing and sales of its products; (ii) agricultural and side products purchases and sales; (iii) biotechnology development and application; and (iv) goods and technology export business.

The consideration for the Possible Acquisition shall be determined by reference to the valuation report to be prepared and issued by a valuer to be engaged by the Company and will be settled by way of the allotment and issuance of new Shares to HMI Group or its designated entity(ies).

The Possible Acquisition is subject to, among others, the completion of due diligence on Suma Bio and its business to the satisfaction of the Company, further negotiation between the parties and the signing of definitive agreement(s) and the fulfillment of all conditions precedent to be agreed and set out in the definitive agreement(s). As at the date of this announcement, the terms and conditions of the definitive agreement(s) are yet to be determined and agreed between the parties. As such, the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Grandshores Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep its shareholders and potential investors updated with the latest business development of the Group.

FRAMEWORK AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 22 November 2019, the Company, Hanma Investment Group Co., Ltd.* (漢麻投資集團有限公司) (“**HMI Group**”) and Yunnan Suma Bio-tech Co., Ltd.* (雲南素麻生物科技有限公司) (“**Suma Bio**”) entered into an equity transfer framework agreement (the “**Framework Agreement**”).

Pursuant to the Framework Agreement, the Company intends to acquire, and HMI Group intends to sell, 51% equity interest in Suma Bio (the “**Possible Acquisition**”). As at the date of this announcement, HMI Group is the holding company of Suma Bio.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, HMI Group 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**”).

Consideration

The consideration for the Possible Acquisition shall be determined by reference to the valuation report to be prepared and issued by a valuer to be engaged by the Company and will be settled by way of the allotment and issuance of new shares of the Company (the “**Shares**”) to HMI Group or its designated entity(ies).

Due diligence and exclusivity

The Company and HMI Group shall conduct the due diligence review in respect of the Possible Acquisition during the period commencing from the date of the Framework Agreement up to and including 31 December 2019 (or the parties may agree in writing on a later date) (the “**Exclusivity Period**”).

During the Exclusivity Period, the Company and HMI Group shall not procure, negotiate and/or discuss with any third party in respect of entering into a memorandum and/or final agreement for a similar arrangement or transaction as the Possible Acquisition without the prior written consent of the other party.

Formal agreement

The Company and HMI Group shall use reasonable efforts to execute a definitive agreement in respect of the Possible Acquisition on or before 31 December 2019 (or such later date as the parties to the Framework Agreement may agree).

Non-legally binding effect

The Framework Agreement is not legally binding except for the general provisions such as exclusivity, confidentiality, fees, multiple copies, laws and jurisdictions.

INFORMATION ON HMI GROUP AND SUMA BIO

Based on the information provided by HMI Group, HMI Group focuses on the industrial hemp industry chain investment. Its business covers the entire industrial hemp production value chain from industrial hemp cultivation and mosaic processing to the development of pharmaceutical products based on industrial hemp-based active ingredients.

Based on the information provided by HMI Group, Suma Bio is established under the Company Law of the People's Republic of China* (《中華人民共和國公司法》) in 2016. It has obtained industrial hemp related business administrative license and its business scopes include (i) industrial hemp and seed scientific research, cultivation, planting, processing and sales of its products; (ii) agricultural and side products purchases and sales; (iii) biotechnology development and application; and (iv) goods and technology export business.

Suma Bio is a modern biotechnology enterprise integrating the cultivation, planting and primary processing of HMI Group, and is committed to promoting the development of industrial hemp industry in China. It uses molecular-assisted breeding and gene editing technology to explore and cultivate high-phenol industrial hemp germplasm resources, and to supply an effective, safe and uniform standard industrial hemp leaf raw materials in a sustainable and responsible manner.

Yunnan Province is the first province in China to open for industrial hemp cultivation. In 2010, the “Regulations on Industrial Hemp Planting and Processing in Yunnan Province*” (《雲南省工業大麻種植加工許可規定》) was officially implemented. Based on the information provided by the Anti-Drug Bureau of the Yunnan Provincial Public Security Bureau* (雲南省公安廳禁毒局), since 2010, Yunnan Province has approved more than 220,000 mu of industrial hemp planted in thirty-eight counties (cities, districts) within thirteen states (cities).

In September 2019, Kunming Agricultural Development & Investment Co., Ltd.* (昆明農業發展投資有限公司), HMI Group and Yunnan Agricultural University* (雲南農業大學) signed a “Industrial Hemp Industry Strategic Cooperation Framework Agreement” with a contract amount of RMB2 billion, pursuant to which industrial hemp cultivation and establishment of industrial hemp population gene bank, industrial hemp planting demonstration, industrial hemp mosaic processing and other projects are undertaken by Suma Bio.

In terms of planting area, Suma Bio has obtained three industrial hemp planting licenses with a total area of 5,195 mu by the end of 2018.

In terms of variety, Suma Bio and Chinese Academy of Agricultural Sciences Hemp Research Institute* (中國農業科學院麻類研究所) (“**Hemp Research Institute**”) signed a 10-year exclusive strategic agreement in June 2017. Suma Bio and Hemp Research Institute jointly applied for “Zhong Gongye Dama No. 7*” (中工業大麻 7 號) and “Zhong Gongye Dama No. 8*” (中工業大麻 8 號) seeds, which have passed the examination by Anhui Provincial Non-Major Crop Varieties Identification and Registration Committee* (安徽省非主要農作物品種鑑定登記委員會), and have obtained the non-main crop varieties identification registration certificates in December 2018. A new industrial hemp variety “Zhong Hanma No.1*” (中漢麻 1 號), which was jointly cultivated by Suma Bio and Hemp Research Institute, has been identified by Yunnan Provincial Seed Administration Station Expert Group* (雲南省種子管理站專家組) that it meets the technical conditions for commercial planting in Yunnan Province in October 2019.

In terms of scientific research, Suma Bio has currently achieved cannabidiol (“**CBD**”) content of more than 5% from traditional cross-breeding industrial hemp varieties. The next step is to prepare for varieties based on market demand in a relatively short period of time through molecular-assisted breeding and gene editing technology, e.g., the CBD content shall be more than 10% in field cultivation and more than 20% in indoor cultivation within three years. In June 2019, Suma Bio and Hemp Research Institute jointly obtained the scientific research planting license issued by Yunnan Provincial Public Security Bureau* (雲南省公安廳).

In terms of production, the existing product of Suma Bio is selling flowers directly to the downstream. Suma Bio plans to construct a preliminary processing production line in 2019. After completion of the production line, Suma Bio will directly supply the preliminary processed industrial hemp leaf raw materials, which shall reach factory direct input standard, to the industrial hemp leaf processing companies to enhance its competitiveness.

The Board considers that the Possible Acquisition will lay a good foundation for the Company to carry out industrial hemp cultivation and processing business in China and lay out the industrial hemp industry chain.

LISTING RULES IMPLICATIONS

Since the Framework Agreement is not legally binding except for general provisions such as exclusivity, confidentiality obligations, fees, multiple copies, laws and jurisdictions, no transaction has been entered into by the Company as at the date of this announcement.

The Possible Acquisition, if materializes, will constitute a notifiable transaction for the Company under the Listing Rules. Should the Company enter into definitive agreement(s) or if there are any material developments with respect to the Possible Acquisition, the Company will comply with all applicable requirements of the Listing Rules and will make further announcement(s) in accordance with all applicable requirements of the Listing Rules as and when appropriate.

The Possible Acquisition is subject to, among others, the completion of due diligence on Suma Bio and its business to the satisfaction of the Company, further negotiation between the parties and the signing of definitive agreement(s) and the fulfillment of all conditions precedent to be agreed and set out in the definitive agreement(s). As at the date of this announcement, the terms and conditions of the definitive agreement(s) are yet to be determined and agreed between the parties. As such, the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 22 November 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.

* *For identification purpose only*