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## **Novacon Technology Group Limited**

**連成科技集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8635)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF THE TARGET COMPANY**

#### **THE ACQUISITION**

On 20 September 2023 (after trading hours of the Stock Exchange), the Vendor and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the SPA pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares which represent the entire issued share capital in the Target Company for a total Consideration (subject to Adjustment) of US\$216,000 (equivalent to approximately HK\$1,696,000), subject to the terms and conditions as set out in the SPA.

Upon Completion, the Target Company will be wholly owned by the Purchaser. As such, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

#### **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

#### **THE ACQUISITION**

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## **THE SPA**

**Date:** 20 September 2023 (after trading hours of the Stock Exchange)

**Parties:** (1) Max Bullions Limited, an indirect wholly-owned subsidiary of the Company (as the Purchaser); and  
(2) GMO Financial Holdings, Inc. (as the Vendor).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

### **Subject Matter**

Pursuant to the SPA, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares (representing the entire issued share capital of the Target Company).

### **Consideration and Payment Terms**

The Consideration (subject to Adjustment) for the Acquisition is US\$216,000 (equivalent to approximately HK\$1,696,000).

The Consideration is payable by the Purchaser to the Vendor in the following manner:

- (a) on the date of the SPA, the Purchaser shall pay a refundable Deposit of US\$8,000 to the Vendor;
- (b) on Completion, the Purchaser shall pay US\$8,000 to the Vendor; and
- (c) within five (5) Business Days upon the obtaining of the Updated Software Licence Record, the Purchaser shall pay the remaining balance of the Consideration of US\$200,000 to the Vendor.

The Consideration is determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the reasons as set out under the section headed "Reasons for and Benefits of the Acquisition" below in this announcement; and (ii) the historical performance, growth potential and prospect of the Target Company (including the Software Licence held by the Target Company). The Consideration will be funded by internal resources of the Group.

Having considered the above factors, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Completion**

There is no condition precedent for Completion of the sale and purchase of the Sale Shares. Completion shall take place on 25 September 2023 or such later date as mutually agreed by the Vendor and the Purchaser in writing. Upon Completion, the Target Company will be wholly owned by the Purchaser. As such, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

In the event that the parties do not proceed to Completion by the Long Stop Date A, the Vendor shall return the Deposit to the Purchaser in US\$ (at nil interest) within five (5) Business Days upon expiry of the Long Stop Date A. In such case, the SPA shall be automatically terminated after the Vendor returns the Deposit to the Purchaser, and all obligations of the parties to this Agreement shall cease except customary surviving provisions and save for rights and liabilities of the parties which have already accrued before such termination.

## **Post-Completion and Adjustment**

Following Completion, the Vendor and the Purchaser shall jointly procure the Target Company to promptly inform the licensor of the Software Licence of the change of shareholder and other incidental corporate changes of the Target Company, and liaise with the licensor of the Software Licence to obtain the Updated Software Licence Record.

In the event that Completion has taken place but the Updated Software Licence Record cannot be obtained by the Target Company by the Long Stop Date B, the Consideration shall be adjusted to US\$16,000 (the "**Adjustment**"). For the avoidance of doubt, in such event, the Purchaser shall have no obligation to fulfil its payment obligations pursuant to part (c) under the section headed "The SPA - Consideration and Payment Terms" above in this announcement.

## **INFORMATION ON THE PARTIES**

### **The Company and the Group**

The Company is an investment holding company. The Group is a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions and development and supply of resource allocation, planning, scheduling and management of software and services.

### **The Purchaser**

The Purchaser is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The Group established the Purchaser in May 2023 to engage and participate in the development of bullion trading activities.

## The Vendor

The Vendor is an operating and holding company incorporated in Japan as a stock company which provides securities and foreign exchange margin trading services and cryptocurrency businesses through its subsidiaries. The issued shares of the Vendor are listed on the Standard Market of the Tokyo Stock Exchange (stock code: 7177).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of bullion trading services in Hong Kong. As at the date of this announcement, the Target Company is a registered licensee of the Software Licence. The Target Company is a customer of the Group in respect of hardware maintenance and support services.

As at the date of this announcement, the Target Company is legally and beneficially wholly owned by the Vendor.

## Financial information of the Target Company

The following sets out financial information of the Target Company prepared in accordance with generally accepted accounting principles in Hong Kong for the years ended 31 December 2021 and 2022:

	<b>For the year ended 31 December 2021 (audited) US\$'000</b>	<b>For the year ended 31 December 2022 (audited) US\$'000</b>
Revenue	697	745
Loss before taxation	(484)	(354)
Loss after taxation	(484)	(354)

The audited net liabilities of the Target Company as at 31 December 2022 was approximately US\$1.4 million, while the unaudited net liabilities of the Target Company as at 31 July 2023 was approximately US\$1.6 million. Pursuant to a deed of release entered into among, among others, the Target Company, the Vendor and GMO-Z.com Forex HK Limited (being a wholly-owned subsidiary of the Vendor) dated 20 September 2023, the Vendor and GMO-Z.com Forex HK Limited agreed to unconditionally and irrevocably discharge and release the Target Company from all outstanding debts owed to them by the Target Company immediately prior to Completion. Taking out the effect of liabilities owed by the Target Company to the Vendor and GMO-Z.com Forex HK Limited which shall be fully discharged prior to

Completion, the net assets of the Target Company as at 31 July 2023 would be approximately US\$369,000.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions and development and supply of resource allocation, planning, scheduling and management of software and services.

As disclosed in the first quarterly report of the Company for the three months ended 30 June 2023, the Group recorded decrease in revenue during the period primarily due to the decrease in licensing and maintenance services provided to existing customers (especially the termination of service contracts with several overseas customers). Under the current challenging market conditions, the Group is dedicated to exploring new business opportunities to diversify the Group's business and broaden the Group's sources of income, including exploring the fintech market, in order to maintain its competitiveness and capture business opportunities in the market.

The Target Company is principally engaged in provision of bullion trading services in Hong Kong and is a registered licensee of the Software Licence. The Directors are of the view that, through the acquisition of the Target Company, the Group can leverage on its established capabilities in the provision of financial trading solutions and make use of the existing expertise, clientele and network of the Target Company to effectively tap into the market of provision of bullion trading services in Hong Kong. With the financial IT engineering background, the Group can further develop fintech solutions such as smart order routing and intelligent risk management, which will enhance returns and provide liquidity to existing brokers using the GES TX product line. The Directors believe that the Group's new business presence in the bullion trading market will enable the Group to capture the opportunities from the bullion trading industry, diversify its existing business portfolio and broaden its revenue stream.

Having considered the terms of the SPA and the above, the Board is of the view that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the entering into of the SPA are in the interests of the Company and its Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the SPA
“Adjustment”	adjustment to the Consideration pursuant to the terms and conditions of the SPA and as set out in this announcement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and a public holiday or a day on which a tropical cyclone warning No. 8 or above or a "black rainstorm" warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open for general business both in Hong Kong and in Tokyo, Japan
“Company”	Novacon Technology Group Limited (連成科技集團有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands and the issued shares of which are listed on GEM (Stock Code: 8635)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the SPA
“connected persons”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the sale and purchase of the Sale Shares
“Deposit”	a refundable deposit of US\$8,000 payable by the Purchaser to the Vendor on the date of the SPA as part of the Consideration
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“GES TX”	a trading system targeted to be used by brokers, dealers, back office operators and accounting staff for trading over-the-counter-traded financial instruments, one of the Group’s internally-developed financial trading solutions
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
"Long Stop Date A"	the long stop date for Completion, being 31 October 2023, or such later date as mutually agreed by the Vendor and the Purchaser in writing
"Long Stop Date B"	the long stop date for obtaining the Updated Software Licence Record, being 31 December 2023, or such later date as mutually agreed by the Vendor and the Purchaser in writing
"Purchaser"	Max Bullions Limited (邁司貴金屬有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	the 2,000,000 shares of the Target Company, which are legally and beneficially owned by the Vendor, representing the entire issued share capital of the Target Company as at the date of the SPA
“Shareholders”	holder(s) of the Share(s)
“Shares”	ordinary shares of nominal value of HK\$0.01 each in the share capital of the Company
"Software Licence"	the software licence granted by a software application developer to the Target Company with the right to download, install and use a trading platform for provision of online brokerage services

“SPA”	the Sale and Purchase Agreement dated 20 September 2023 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	GMO-Z.com Bullion HK Limited (技慕環球通金業有限公司) (formerly known as "GMO CLICK Bullion Limited 環球通金業有限公司" and "GMO CLICK Bullion Limited 技慕環球通金業有限公司"), a company incorporated in Hong Kong with limited liability, which is wholly beneficially owned by the Vendor as at the date of this announcement
"Updated Software Licence Record"	an updated record in the server registration list of the licensor of the Software Licence using the new name of the Target Company as designated by the Purchaser upon Completion
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	GMO Financial Holdings, Inc., a stock company incorporated in Japan, the issued shares of which are listed on the Standard Market of the Tokyo Stock Exchange (stock code: 7177)
“%”	per cent

By Order of the Board  
**Novacon Technology Group Limited**  
**Wei Ming**  
*Chairman and non-executive Director*

Hong Kong, 20 September 2023

*For the purpose of this announcement, all amounts denominated in US\$ has been translated (for information only) into HK\$ using the exchange rate of US\$1:HK\$7.851. Such translations shall not be construed as a representation that amounts of US\$ were or may have been converted.*

*As at the date of this announcement, the Board comprises Mr. Chung Chau Kan as an executive Director and the chief executive officer and Mr. Wong Wing Hoi as an executive Director; Mr. Wei Ming as the chairman of the Board and a non-executive Director; and Mr. Moo Kai Pong, Mr. Lo Chi Wang and Mr. Wu Kin San Alfred as the independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of 7 days from the date of its publication and will also be published on the Company's website at [www.novacontechgroup.com](http://www.novacontechgroup.com).*