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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 EXCHANGE TRADED FUNDS

THE ACQUISITION

Through a series of transactions on 4 April 2022 (after trading hours), the Company, through a wholly-owned subsidiary, acquired on the open market certain ETFs consisting a total of 753 IUAG, 542 IBB, 163 IYH, 2,951 IEUR and 1,257 EWJ at an aggregate consideration of approximately US\$434,110 (equivalent to approximately HK\$3,413,000) (exclusive of transaction costs). The average price (exclusive of transaction costs) for the Acquisition of each IUAG, IBB, IYH, IEUR and EWJ is approximately US\$101.85, US\$134.23, US\$289.75, US\$53.96 and US\$62.22 respectively.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is therefore subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

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A summary of the Acquisition is as follows:

Ticker	Date of Acquisition	No. of shares	Average price per share	Aggregate Consideration		Percentage of shareholding by the Group in the target after Acquisition
			US\$	US\$	HK\$'000	%
(1) IUAG	4 April 2022	753	101.85	76,693	603	0.0072
(2) IBB	4 April 2022	542	134.23	72,753	572	0.0008
(3) IYH	4 April 2022	163	289.75	47,229	371	0.0016
(4) IEUR	4 April 2022	2,951	53.96	159,231	1,252	0.0031
(5) EWJ	4 April 2022	1,257	62.22	78,204	615	0.0008
Total				434,110	3,413	

As the Acquisition was made through the open market, the Company is not aware of the identities of the sellers of the target shares of the ETFs. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of IUAG, IBB, IYH, IEUR and EWJ and their respective ultimate beneficial owners are Independent Third Parties. In addition, the Directors are not aware of any restrictions which apply to the subsequent sale of those ETFs the Group acquired.

Assets acquired

Prior to the Acquisition, the Group held 266 IUAG, 185 IBB, 109 IYH and did not hold any IEUR and EWJ. The said 266 IUAG, 185 IBB, 109 IYH were acquired by the Group more than 12 months prior to the Acquisition and not related to the Acquisition. Therefore, they are not aggregated into the Acquisition for the purpose of calculating the size tests under Chapter 19 of the GEM Listing Rules. Upon completion of the Acquisition, the Group holds an aggregate of 1,019 IUAG, 727 IBB, 272 IYH, 2,951 IEUR and 1,257 EWJ, representing approximately 0.0097%, 0.0011%, 0.0026%, 0.0031% and 0.0008% of the total outstanding shares of IUAG, IBB, IYH, IEUR and EWJ respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is 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. Having considered the good fund performance of IUAG, IBB, IYH, IEUR and EWJ, the Company considers that the Acquisition is an attractive investment and can enhance the returns on investment for the Company. As the Acquisition was made at the prevailing market price quoted on the relevant stock exchange at the time of the Acquisition, the Directors are of the view that the Acquisition was fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE ETFS THE GROUP ACQUIRED

The following information is extracted from the fact sheets and annual reports of the ETFs which are published on the website of the issuer (www.ishares.com/us).

	Ticker	Exchange	Description of ETF	Objective	Asset Class Focus	Benchmark¹	Name of Issuer	Fund Launch Date	Fact Sheet Date
(1)	IUAG	LSE	The share class seeks to track the performance of an index composed of US\$ denominated investment grade government, government-related, corporate and securitised bonds.	Aggregate Bond	Fixed income	Bloomberg US Aggregate Bond Index	iShares	13 September 2011	28 February 2022
(2)	IBB	NASDAQ	IBB seeks to track the investment results of an index composed of US-listed equities in the biotechnology sector.	Healthcare	Equity	ICE Biotechnology Index	iShares	5 February 2001	31 December 2021
(3)	IYH	NYSE Arca	IYH seeks to track the investment results of an index composed of US equities in the healthcare sector.	Healthcare	Equity	Russell 1000 Health Care RIC 22.5/45 Capped Gross Index	iShares	12 June 2000	31 December 2021
(4)	IEUR	NYSE Arca	IEUR seeks to track the investment results of an index composed of large-,mid- and small capitalization European equities.	Europe Equities	Equity	MSCI Europe Investable Market Index	iShares	10 June 2014	31 December 2021
(5)	EWJ	NYSE Arca	EWJ seeks to track the investment results of an index composed of Japanese equities.	Japan Equities	Equity	MSCI Japan Index	iShares	12 March 1996	31 December 2021

		Annualised Performance									
		Fund (%)					Benchmark ¹ (%)				
Ticker		1 Year	3 Year	5 Year	10 Year	Incept.	1 Year	3 Year	5 Year	10 Year	Incept.
(1)	IUAG	-2.93	2.99	2.42	2.15	2.29	-2.64	3.30	2.71	2.47	2.57

		Net Asset Value (%)					Market Price (%)					Benchmark ¹ (%)				
Ticker		1 Year	3 Year	5 Year	10 Year	Incept.	1 Year	3 Year	5 Year	10 Year	Incept.	1 Year	3 Year	5 Year	10 Year	Incept.
(2)	IBB	0.99	16.62	11.80	16.17	7.72	0.95	16.62	11.78	16.17	7.72	1.37	17.04	12.19	16.51	8.07
(3)	IYH	23.40	19.85	17.39	17.06	9.12	23.41	19.88	17.39	17.06	9.12	23.88	20.32	17.85	17.54	9.63
(4)	IEUR	16.21	15.57	10.66	N/A	4.95	16.73	15.34	10.62	N/A	4.89	16.13	15.44	10.50	N/A	4.77
(5)	EWJ	1.56	11.34	8.17	7.94	1.62	1.17	11.67	8.27	7.97	1.62	1.71	11.68	8.51	8.34	2.18

Ticker	Year End Date	Net Assets		Net Increase / (Decrease) in Net Assets Resulting from Operations ²		
		2021	2020	2021	2020	
		<i>US\$' million</i>	<i>US\$' million</i>	<i>US\$' million</i>	<i>US\$' million</i>	
(1)	IUAG	31 October	3,385	3,568	(52)	138
(2)	IBB	31 March	9,849	6,344	2,740	(224)
(3)	IYH	30 April	2,565	2,433	555	268
(4)	IEUR	31 July	5,287	3,464	1,140	(142)
(5)	EWJ	31 August	11,906	9,909	2,089	921

Notes:

1. A benchmark is a standard against which the performance of the ETF can be measured.
2. The Directors consider that “net increase / (decrease) in net assets resulting from operations” as recorded in the financial statements of the subject ETF is equivalent to “profit or loss for the period” pursuant to HKAS.

Pursuant to the relevant note to the financial statements disclosed in the annual reports of the subject ETF, since the ETF distributes substantially all of its taxable income to its shareholders, no US federal income tax provision is required.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is therefore subject to the reporting and announcement requirements, but exempt from the Shareholders’ approval requirement under Chapter 19 of the GEM Listing Rules.

In consideration of the market price of IUAG, IBB, IYH, IEUR and EWJ, the Group may further acquire or dispose of IUAG, IBB, IYH, IEUR and EWJ on the market through the respective exchange. The Board does not have intention to acquire further ETFs which may render such acquisitions, when aggregated with the Acquisition, to constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules.

The Company will make further disclosures on its investments in IUAG, IBB, IYH, IEUR and EWJ as and when required under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the same following meanings as set out below:

“Acquisition”	the acquisition by the Group through a series of transactions on the open market through the respective exchange of an aggregate of 753 IUAG, 542 IBB, 163 IYH, 2,951 IEUR and 1,257 EWJ conducted on 4 April 2022 at an aggregate consideration of approximately US\$434,110 (equivalent to approximately HK\$3,413,000) (exclusive of transaction costs)
“Board”	the board of Directors
“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 on 7 February 2018
“Director(s)”	the director(s) of the Company, as appointed from time to time

“discloseable transaction”	as defined in Rule 19.06 of the GEM Listing Rules
“ETF(s)”	exchange traded fund(s)
“EWJ”	iShares MSCI Japan ETF (安碩明晟日本交易所交易基金*), an ETF launched on 12 March 1996 and listed on NYSE Arca (Ticker: EWJ)
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries, or any of them or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at that time
“HKAS”	Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
“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 party(ies) independent of the Company and connected persons of the Company
“IBB”	iShares Biotechnology ETF (安碩生物科技交易所交易基金*), an ETF launched on 5 February 2001 and listed on NASDAQ (Ticker: IBB)
“IEUR”	iShares Core MSCI Europe ETF (安碩核心明晟歐洲交易所交易基金*), an ETF launched on 10 June 2014 and listed on NYSE Arca (Ticker: IEUR)
“Incept.”	in relation to a fund, the annualised performance and benchmark percentage of such fund since inception of the fund

“IUAG”	iShares US Aggregate Bond UCITS ETF (安碩美國綜合債券可轉讓證券集體投資計劃交易所交易基金*), an ETF launched on 13 September 2011 and listed on LSE (Ticker: IUAG)
“IYH”	iShares US Healthcare ETF (安碩美國醫療保健交易所交易基金*), an ETF launched on 12 June 2000 and listed on NYSE Arca (Ticker: IYH)
“iShares”	a collection of ETFs managed by BlackRock, Inc. (貝萊德公司*), a company which was founded in 1988 and is based in New York City, and the shares of which are listed on the NYSE (Ticker: BLK)
“LSE”	London Stock Exchange
“MSCI”	Morgan Stanley Capital International
“NASDAQ”	National Association of Securities Dealers Automated Quotations, which is an American stock exchange in New York City owned by Nasdaq, Inc. (納斯達克公司*)
“NYSE”	The New York Stock Exchange, which is an American stock exchange in New York City owned by Intercontinental Exchange
“NYSE Arca”	Archipelago Exchange, which is an American stock exchange in New York City owned by NYSE Group, Inc. (紐約證券交易所集團公司*)
“percentage ratios”	as defined in Rule 19.04 of the GEM Listing Rules
“Shareholder(s)”	holder(s) of the ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UCITS”	Undertakings for Collective Investment in Transferable Securities, which are collective investment schemes established and authorised in one European Union Member State and designed for European Union retail investors
“US”	United States of America

“US\$” United States dollars, the lawful currency of the US

“%” per cent

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

Hong Kong, 4 April 2022

** Chinese name for identification purpose only*

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 Group. 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 GEM website at www.hkgem.com 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.