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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2019**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Novacon Technology Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2019

		Three months ended 30 June	
		2019	2018
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	10,439	10,227
Other income	5	335	4
Expenses			
License and subscription cost		(407)	(394)
Internet services cost		(502)	(491)
Employee benefit expenses		(2,682)	(2,182)
Depreciation of property and equipment		(535)	(247)
Amortisation of intangible assets		(814)	(575)
Rental expenses		–	(674)
Listing expenses		(4,528)	(4,799)
Other expenses		(1,354)	(664)
Finance costs		(60)	(64)
		<hr/>	<hr/>
(Loss)/profit before income tax		(108)	141
Income tax expense	6	(944)	(831)
		<hr/>	<hr/>
Loss and total comprehensive income attributable to owners of the Company for the period		<u>(1,052)</u>	<u>(690)</u>
Loss per share attributable to owners of the Company for the period			
– Basic and diluted (express in HK cents per share)	7	<u>(0.29)</u>	<u>(0.23)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Share capital HK\$'000 (Note 9)	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	*	–	7,500	39,801	47,301
Total comprehensive income					
Loss and other comprehensive income for the period	–	–	–	(690)	(690)
At 30 June 2018 (unaudited)	<u>*</u>	<u>–</u>	<u>7,500</u>	<u>39,111</u>	<u>46,611</u>
At 1 April 2019 (audited)	*	–	7,500	46,286	53,786
Total comprehensive income					
Loss and other comprehensive income for the period	–	–	–	(1,052)	(1,052)
Transaction with owners in their capacity as owners					
Capitalisation issue of shares	3,000	(3,000)	–	–	–
Issue of ordinary shares	1,000	52,000	–	–	53,000
Capitalisation of listing expenses	–	(14,008)	–	–	(14,008)
At 30 June 2019 (unaudited)	<u>4,000</u>	<u>34,992</u>	<u>7,500</u>	<u>45,234</u>	<u>91,726</u>

* Less than HK\$1,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares were listed on GEM (“**Listing**”) by way of share offer on the 2 May 2019 (“**Listing Date**”). The address of the Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at office E, 17th Floor, EGL Tower, No. 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company. 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”).

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2019 and the notes thereto (the “**2019 Audited Consolidated Financial Statements**”). The significant accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2019 Audited Consolidated Financial Statements except for the new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants that are adopted for the first time for the current period’s financial statements. It should be noted that accounting estimates and assumptions were adopted in the preparation of the unaudited condensed consolidated financial statements. Although the estimates are based on the management’s best knowledge of and judgement on the present events and actions, the actual results may eventually differ from those estimates.

The unaudited condensed consolidated financial statement has not been audited or reviewed by the Company’s external auditors, but has been reviewed by the audit committee of the Company (“**the Audit Committee**”).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Certain new and revised HKFRSs have been issued. The Directors considered that the adoption of those new HKFRSs which are effective for the accounting period beginning on 1 April 2019 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the new issued HKFRSs.

4. REVENUE

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Licensing and maintenance services	10,314	8,749
Initial set up and customisation services	125	1,478
	10,439	10,227

(a) Disaggregation of revenue from contracts with customers

During the three months ended 30 June 2019, all sources of revenue were recognized over time (2018: same).

(b) Segment information

The executive Directors have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources. For the three months ended 30 June 2019, the Directors considered that the Group's operations were operated and managed as a single segment and no separate segment information was presented for the financial period (2018: same).

The Group domiciles and operates in Hong Kong. All revenue of the Group was generated in Hong Kong during the three months ended 30 June 2019 (2018: same).

(c) Certain customers contributed more than 10% of the total sales of the Group during the period. The amount of sales of these customers are disclosed as follow:

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Customer A	1,958	2,271
Customer B	1,059	N/A

N/A: The revenue of the particular customer for the particular period was less than 10% of the Group's revenue for the particular period.

5. OTHER INCOME

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Commission income	3	3
Bank interest income	332	1
	335	4

6. INCOME TAX EXPENSE

Hong Kong profits tax is levied at progress rate at 8.25% on the estimated assessable profit below HK\$2,000,000, and thereafter at a fixed rate at 16.5% for the period (2018: fixed rate at 16.5%). The amount of tax charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Hong Kong profits tax		
– Current period	710	831
Deferred income tax	234	–
	<hr/>	<hr/>
Income tax expense	944	831
	<hr/>	<hr/>

7. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended 30 June	
	2019 (unaudited)	2018 (unaudited)
Loss attributable to owners of the Company (HK\$'000)	<u>(1,052)</u>	<u>(690)</u>
Weighted average number of ordinary shares in issue (thousands) (<i>Note</i>)	<u>365,934</u>	<u>300,000</u>
Basic loss per share (HK cents)	<u>(0.29)</u>	<u>(0.23)</u>

Note: The weighted average number of shares in issue for the periods ended 30 June 2019 and 2018 for the purpose of loss per share computation has been retrospectively adjusted for the effect of the 299,999,900 shares issued under the capitalisation issue which took place on the Listing Date.

(b) Diluted

For the period ended 30 June 2019, diluted loss per share equalled to basic loss per share as there was no dilutive potential share (2018: same).

8. DIVIDEND

The Directors do not recommend any payment of interim dividend for the three months ended 30 June 2019 (2018: nil).

9. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000 (unaudited)
Authorised:		
At 1 April 2018 and 30 June 2018	38,000,000	380
Increase in authorised share capital on 29 March 2019	9,962,000,000	99,620
	<hr/>	<hr/>
At 31 March 2019, 1 April 2019 and 30 June 2019	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2018 and 30 June 2018	10	*
Issuance of shares pursuant to the Reorganisation (as defined in the 2019 Audited Consolidated Financial Statements) on 21 March 2019	90	*
	<hr/>	<hr/>
At 31 March 2019 and 1 April 2019	100	*
Capitalisation issue of shares on the Listing Date	299,999,900	3,000
Issue of ordinary shares on the Listing Date	100,000,000	1,000
	<hr/>	<hr/>
At 30 June 2019	<u>400,000,000</u>	<u>4,000</u>

* *Less than HK\$1,000*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions. We mainly provide comprehensive and integrated financial trading solutions that enable trading of OTC-traded financial instruments, stock exchange-traded financial instruments and fund management to brokerage firms and wealth management companies to satisfy their various business needs.

For the three months ended 30 June 2019, the Group recorded a revenue of approximately HK\$10.4 million, representing an increase of approximately 2% from approximately HK\$10.2 million recorded for the three months ended 30 June 2018. Loss attributable to owners of the Company for the three months ended 30 June 2019 amounted to approximately HK\$1.0 million, representing an increase of approximately 52% as compared with the loss of approximately HK\$0.7 million for the three months ended 30 June 2018 mainly due to increase in expenses by approximately HK\$1.7 million in total, including but not limited to increase in employee benefit expenses of approximately HK\$0.5 million, depreciation of property and equipment of approximately HK\$0.3 million, amortisation of intangible assets of approximately HK\$0.2 million, other expenses of approximately HK\$0.7 million and increase in income tax expense of approximately HK\$0.1 million. It was partially offset by increase in revenue by approximately HK\$0.2 million, increase in other income by approximately HK\$0.3 million, decrease in rental expenses of approximately HK\$0.7 million and decrease in listing expenses of approximately HK\$0.3 million. If the listing expenses were excluded, the profit attributable to owners of the Company decreased by approximately 15% from approximately HK\$4.1 million for the three months ended 30 June 2018 to approximately HK\$3.5 million for the three months ended 30 June 2019.

OUTLOOK

In line with the Group's long term objective to strengthen our position as a financial technology solution provider and to expand our market share, the Group intends to expend resources on enhancing and upgrading our existing financial trading solutions, exploring the development of new IT solutions, establishing our research and development centre and pursuing selective acquisition(s).

Looking ahead, the financial technology industry is a fast-evolving industry. In recent years, financial service market practitioners are incorporating prevailing technologies such as big data and cloud computing into the finance industry. In addition, industry competition is expected to continue to intensify in the near future and financial technology is taking a more and more important role in the trading process, from pre-trade risk management to clearing and settlement. Market participants are actively exploring ways to perform system upgrades and service enhancements. In particular, cloud, algo-trading, big data and artificial intelligence applications are increasingly important in the areas of investment, trading, clearing and settlement as well as regulation. As such, the Group plans to explore new business initiatives by diversifying our financial trading solutions with an aim to becoming a one-stop financial trading solution provider covering the whole life cycle of trading and settlement process from order placing, risk management, compliance to settlement.

In line with the fast evolving business environment and the continuous innovation of the financial market, the Group will endeavour to continue to respond swiftly to the needs of the financial institutions by broadening our IT offerings to our clients.

In addition, in view of the Group's stable revenue in recent years, the Group plans to continue to commit in research and development of our financial trading solutions by (a) enhancing and upgrading our financial trading solutions; and (b) incorporating prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems. Our management is devoted to retaining experienced staff members and maintaining sustainable recruitment, finding suitable location for the research and development centre and identifying suitable target for acquisition. For details of how the Group expects to utilise the net proceeds from the Listing in light of the future prospects of the Group in the financial technology industry, please refer to the paragraph headed "Use of Proceeds from the Listing" under the section headed "Management Discussion and Analysis" of the 2019 annual report of the Company.

The Directors believe that the financial resources obtained by the Group from the Listing will strengthen its financial position and enable it to implement its business plan as mentioned above.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of financial trading solutions which can be classified into (i) licensing and maintenance services; (ii) initial set up and customisation services; and (iii) sales of computer hardware and software. For the three months ended 30 June 2019, the Group recorded revenue of approximately HK\$10.4 million, representing an increase of approximately 2% as compared with the corresponding period in 2018 of approximately HK\$10.2 million. The following table sets forth the breakdown of our revenue by source of revenue:

	Three months ended 30 June			
	2019		2018	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Licensing and maintenance services	10,314	99	8,749	86
Initial set up and customisation services	125	1	1,478	14
Total	10,439	100	10,227	100

The slight increase was mainly attributable to the increase in revenue from licensing and maintenance services and it was partially offset by decrease in revenue from initial set up and customisation services. Revenue from licensing and maintenance services increased by approximately 18% from approximately HK\$8.7 million for the three months ended 30 June 2018 to approximately HK\$10.3 million for the three months ended 30 June 2019. It was primarily because existing customers acquired new features on existing products they previously acquired for their business needs. However, revenue from initial set up and customisation services decreased by approximately 92% from approximately HK\$1.5 million for the three months ended 30 June 2018 to approximately HK\$0.1 million for the three months ended 30 June 2019. In addition, the Group did not generate revenue from the sales of computer hardware and software for both periods. Since both initial set up and customisation services and sales of computer hardware and software are generally provided on an on-demand basis depending on our customers' business needs, there is no predictable trend or seasonality factor for these two revenue streams.

Other Income

The Group's other income consists of interest income on bank deposits and commission income generated from the referral of internet access services. The Group's other income were approximately HK\$335,000 and HK\$4,000 for the three months ended 30 June 2019 and 2018, respectively. Such drastic increase was mainly because the bank deposits increased significantly after obtaining the proceeds from the Listing.

License and Subscription Cost

For the three months ended 30 June 2019 and 30 June 2018, the Group's license and subscription cost was approximately HK\$0.4 million for both periods. Such cost was relatively stable primarily because the number of suppliers was the same for both periods (2019: 6; 2018: 6).

Internet Services Cost

For the three months ended 30 June 2019 and 30 June 2018, the Group's internet services cost was approximately HK\$0.5 million for both periods. Such cost was relatively stable primarily because the number of suppliers was the same for both periods (2019: 6; 2018: 6).

Intangible Assets

For the three months ended 30 June 2018 and 2019, our research and development expenses (which were mostly included in employee benefit expenses) amounted to approximately HK\$1.6 million and HK\$1.6 million, respectively. Out of the total research and development costs, approximately HK\$1.1 million and HK\$1.1 million for the three months ended 30 June 2018 and 2019, respectively, were capitalised as intangible assets.

Employee Benefit Expenses

For the three months ended 30 June 2019, the Group's employee benefit expenses were approximately HK\$2.7 million, representing an increase of approximately 23% over the employee benefit expenses of approximately HK\$2.2 million for the three months ended 30 June 2018. The increase was primarily due to increase of allowance to management and director fee after the Listing.

Depreciation of Property and Equipment

The Group's depreciation of property and equipment was approximately HK\$0.5 million for the three months ended 30 June 2019, representing an increase of approximately 117% from approximately HK\$0.2 million for the three months ended 30 June 2018. The increase was primarily due to the increase in depreciation on a self-owned property located at office E, 17th Floor, EGL Tower, No. 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong (the "Property") reclassified from investment property to land and building in October 2018.

Amortisation of Intangible Assets

The Group's amortisation of intangible assets was approximately HK\$0.8 million for the three months ended 30 June 2019, representing an increase of approximately 42% from approximately HK\$0.6 million for the three months ended 30 June 2018. The increase was primarily due to additions of computer software systems mainly contributed from staff costs capitalised during the year ended 31 March 2019.

Rental Expenses

For the three months ended 30 June 2019, no rental expenses were incurred (2018: approximately HK\$0.7 million). The decrease was primarily because the Group entered into a surrender agreement with the landlord for early termination in respect of the leased premises in November 2018 and began the self-use of the Property as operating office since January 2019.

Fair Value Adjustment to an Investment Property

The Property was acquired in January 2018 at approximately HK\$31.4 million, with transaction cost of approximately HK\$2.7 million. It was initially recognised as investment property and subject to fair value adjustment. The Group did not conduct any valuation for fair value adjustment for the three months ended 30 June 2018.

On 15 October 2018, the Property was reclassified as property and equipment in the consolidated statement of financial position, as the management of the Group had passed a resolution to change the usage of the Property from earning rental to self-use as operating office.

Listing Expenses

Listing expenses comprise professional and other expenses in relation to our Listing. They were recognised based on percentage of completion of the Listing by various professional parties. The Group's listing expenses were approximately HK\$4.5 million for the three months ended 30 June 2019, representing a decrease of approximately 6% from approximately HK\$4.8 million for the three months ended 30 June 2018.

Other Expenses

The Group's other expenses mainly include (i) auditors' remuneration; (ii) building management fees; and (iii) advertising expenses. The Group's other expenses for the three months ended 30 June 2019 were approximately HK\$1.4 million, representing an increase of approximately 104% over the other expenses of approximately HK\$0.7 million for the three months ended 30 June 2018. The increase was primarily attributable to the increase in legal and professional fee after the Listing.

Finance Costs

Finance costs decreased from approximately HK\$64,000 for the three months ended 30 June 2018 to approximately HK\$60,000 for the three months ended 30 June 2019. The decrease was primarily because borrowing costs capitalized as development cost of intangible assets increased by approximately 147% from approximately HK\$17,000 for the three months ended 30 June 2018 to approximately HK\$41,000 for the three months ended 30 June 2019. It was partially offset by an increase in variable interest rate which resulted in increase in finance costs by approximately 25% from approximately HK\$81,000 for the three months ended 30 June 2018 to approximately HK\$101,000 for the three months ended 30 June 2019.

(Loss)/Profit Before Income Tax

Loss before income tax for the three months ended 30 June 2019 amounted to approximately HK\$0.1 million (2018: Profit before income tax of approximately HK\$0.1 million). Such decrease was primarily due to the increase in expenses of approximately HK\$1.7 million in total (as explained item by item above) and partially offset by increase in revenue by approximately HK\$0.2 million, increase in other income by approximately HK\$0.3 million, decrease in rental expenses of approximately HK\$0.7 million and decrease in listing expenses of approximately HK\$0.3 million. If the listing expenses were excluded, the Group's profit before income tax decreased by approximately 11% from approximately HK\$4.9 million for the three months ended 30 June 2018 to approximately HK\$4.4 million for the three months ended 30 June 2019.

Income Tax Expense

The Group's income tax expense for the three months ended 30 June 2019 was approximately HK\$0.9 million, representing an increase of approximately 14% from approximately HK\$0.8 million for the three months ended 30 June 2018. Such increase was mainly due to the recognition of deferred tax liability of accumulated fair value changes of investment property. The effective income tax rates of the Group, which equalled to the income tax expense divided by (loss)/profit before tax, were approximately 874.1% and 589.4% for the three months ended 30 June 2019 and 2018, respectively. If the listing expenses and above-mentioned deferred tax were excluded, the effective income tax would be 16.1% and 16.8% for the three months ended 30 June 2019 and 2018, respectively. The effective income tax rate is relatively stable.

Loss for the Period Attributable to Owners of the Company

Loss attributable to owners of the Company for the three months ended 30 June 2019 amounted to approximately HK\$1.1 million, representing an increase of approximately 52% as compared with the loss of approximately HK\$0.7 million for the three months ended 30 June 2018. Such increase was due to the combination of above-mentioned reasons, and the increase in income tax expense by approximately HK\$0.1 million. If the listing expenses were excluded, the profit attributable to owners of the Company decreased by approximately 15% from approximately HK\$4.1 million for the three months ended 30 June 2018 to approximately HK\$3.5 million for the three months ended 30 June 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b)

pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Company/name of associated corporation	Capacity and nature of interest	Number of ordinary shares of the Company/ associated corporation held (Note 3)	Approximate percentage of the issued shares of the Company/ associated corporation
Mr. Wei Ming (“ Mr. Wei ”)	Company	Interest in controlled corporation (Note 1)	210,000,000 (L)	52.5%
Mr. Chung Chau Kan (“ Mr. Chung ”) (Chief Executive Officer)	Company	Interest in controlled corporation (Note 2)	90,000,000 (L)	22.5%
Mr. Wei	Essential Strategy	Beneficial owner	1,000 (L)	100%

Notes:

- (1) The 210,000,000 shares were held by Essential Strategy Investments Limited (“**Essential Strategy**”) which is wholly owned by Mr. Wei. As such, Mr. Wei was deemed to be interested in all the shares held by Essential Strategy pursuant to Part XV of the SFO.
- (2) The 90,000,000 shares were held by Expert Wisdom Holdings Limited (“**Expert Wisdom**”) which is wholly owned by Mr. Chung. As such, Mr. Chung was deemed to be interested in all the shares held by Expert Wisdom pursuant to Part XV of the SFO.
- (3) The letter “L” denotes “long position” in such shares.

Saved as disclosed above, as at 30 June 2019, none of the Directors or chief executive of the Company had registered an interest or short position in any shares or underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme on 29 March 2019 (“**Share Option Scheme**”). The principal terms of the Share Option Scheme were summarised in the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix VI to the prospectus of the Company published on 15 April 2019. No share option has been granted pursuant to the Share Option Scheme during the three months ended 30 June 2019.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the issued voting Shares were as follows:

Name	Capacity and nature of interest	Number of ordinary shares held (Note 5)	Approximate percentage of the issued shares
Essential Strategy	Beneficial owner (Note 1)	210,000,000 (L)	52.5%
Ms. Wong Siu King	Interest of spouse (Note 2)	210,000,000 (L)	52.5%
Expert Wisdom	Beneficial owner (Note 3)	90,000,000 (L)	22.5%
Ms. Yip Kim Kam	Interest of spouse (Note 4)	90,000,000 (L)	22.5%

Notes:

- (1) Mr. Wei held 210,000,000 shares through his wholly owned subsidiary, Essential Strategy.
- (2) Ms. Wong Siu King (“**Ms. Wong**”) being the spouse of Mr. Wei. Under the SFO, Ms. Wong was deemed to be interested in the same number of shares in which Mr. Wei was interested.
- (3) Mr. Chung held 90,000,000 shares through his wholly owned subsidiary, Expert Wisdom.
- (4) Ms. Yip Kim Kam (“**Ms. Yip**”) being the spouse of Mr. Chung. Under the SFO, Ms. Yip was deemed to be interested in the same number of shares in which Mr. Chung was interested.
- (5) The letter “L” denotes “long position” in such shares.

Saved as disclosed above, as at 30 June 2019, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the paragraphs headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” and “Share Option Scheme” above, at no time during the three months ended 30 June 2019 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or chief executive of the Company or their respective associates (as defined under the GEM Listing Rules) or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company or their respective associates (as defined under the GEM Listing Rules) to acquire such rights in any other body corporate.

COMPETING INTEREST

Since the Listing Date and up to the date of this announcement, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) are interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor did they have any conflicts of interest with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, Dongxing Securities (Hong Kong) Company Limited has been appointed as the compliance adviser of the Company (the “**Compliance Adviser**”). Save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 23 May 2018, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) has or may have any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at the date of this announcement, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standing of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Securities Transactions Code**”).

The Securities Transactions Code was not applicable to the Company before the Listing Date. Specific enquiry has been made with all the Directors and each of the Directors have confirmed that they have complied with the Securities Transactions Code since the Listing Date up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interest of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (“**CG Code**”) contained in Appendix 15 of the GEM Listing Rules as the basis of the Company’s corporate governance practices.

The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that since the Listing Date and up to the date of this announcement, the Company has complied with all applicable code provisions as set out in the CG Code.

REVIEW OF FINANCIAL STATEMENTS

The Company established the Audit Committee on 29 March 2019 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code have been adopted. The primary duties of the Audit Committee are to make recommendations to the Board on appointment, reappointment and removal of the external auditor, review and supervise the financial reporting process and the financial controls, internal control and risk management systems of the Company.

The Audit Committee consists of three independent non-executive Directors, being Mr. Lo Chi Wang, Mr. Moo Kai Pong and Mr. Wu Kin San Alfred. Mr. Lo Chi Wang is the chairman of the Audit Committee.

The Group’s unaudited condensed consolidated financial statements for the three months ended 30 June 2019, the accounting policies and practices adopted by the Group, and this announcement have been reviewed by the Audit Committee in a meeting held on 7 August 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 30 June 2019 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities, convertible securities, options, warrants or similar rights of the Company.

PUBLICATION

This first quarterly results announcement for the three months ended 30 June 2019 is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.novacontechgroup.com, respectively. The first quarterly report of the Company for the three months ended 30 June 2019 shall be despatched to the Company's shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 7 August 2019

As at the date of this announcement, the Board comprises Mr. Chung Chau Kan as the executive Director and chief executive officer and Mr. Wong Wing Hoi as the executive Director; Mr. Wei Ming as the chairman of the Board and 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 and its subsidiaries. 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.