

Issue of Third Tranche Milestone Shares

11 November 2022

HSC Technology Group Ltd (HSC or the Company) (ASX: HSC) wishes to advise that the vesting criteria for the Third Tranche of the Milestone Shares which make up part of the Deferred Consideration payable to the Homestay Shareholders under the Acquisition announced 10 May 2018, has been satisfied.

The transaction, (entered into before current board and management tenure) approved by shareholders 23 August 2018, was in effect the acquisition by Antilles Oil and Gas NL (now renamed HSC) of all the shares of Homestay Care Pty Ltd.

The transaction was structured in such a manner that the shareholders of Homestay Care Pty Ltd only received at the time 60% of the consideration for their shares with the remaining 40% deferred as four separate parcels (Deferred Consideration) the issue of which were linked to revenue generation by the Company, thereby putting those Deferred Shares at risk by linking the receipt of up to 40% of the consideration to the continued financial success of HSC.

Like the two previous parcels which have vested, a total of 50,000,000 million ordinary shares are to be allotted to the shareholders of HomeStay Care Pty Ltd on account of the Third Tranche Milestone Shares.

The criteria determining the issue of these shares is linked to the cumulative revenue generated by the Company. The previous benchmarks were \$3 million (First Milestone Shares) and \$6 million (Second Milestone Shares) and these have been previously met resulting in the issue of the First and Second parcels of Milestone Shares.

In order for the Homestay Care shareholders to have become entitled to the Third Milestone Shares the Company had to generate cumulative revenue of \$9 million on or before 19 May 2023 and such revenue being independently confirmed by the Company's auditors.

The satisfaction of this vesting criteria has been independently reviewed by the Company's Auditors, the details of which are contained in the Company's Half Year Report for the period ending 30 June 2022. The Company is now seeking the quotation of the 50 million ordinary shares.

With the issue of the Third Milestone Shares there only remains one more tranche to vest. The entitlement of the shareholders of HomeStay Care Pty Ltd to the Forth Milestone Shares will arise when the cumulative revenue of the Company has reached \$12 million.

Given the recorded strong sales figures, the Company anticipates that this milestone will be reached by the end of the first quarter 2023. This final tranche will only have minimal dilutive effect of approximately 2.2% based on the current issued shares. This will also see the finalisation of the formative transaction approved by shareholders some 4 years ago.

Notice Pursuant to Section 708A(5)(e) of the Corporation Act 2001

The Corporations Act 2001 ("Act") restricts the on sale of securities without disclosure unless the sale is exempt under section 708 or 708A of the Act. By giving this notice, the 50,000,000 ordinary shares issued as noted in the Appendix 2A lodged today will fall within the exemption in section 708(5) of the Act.

Pursuant to section 708A(5)(e) of the Act the Company gives notice that:

- 1) The ordinary shares that have today been issued are part of a class of securities already quoted on the Australian Securities Exchange;
- 2) The shares were issued without disclosure to under Part 6D.2 of the Act;
- 3) The Company, as at the date of this notice, has complied with:
 - (a) the provisions of the Chapter 2M of the Act as they apply to the Company; and
 - (b) Section 674 of the Act;
- 4) As at the date of this notice there is no excluded information of the type referred to in Sections 708A (7) and (8) of the Act, to be disclosed under section 708A(6)(e) of the Act.

This announcement has been authorised by the Board of Directors of HSC Technology Group Ltd.

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