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NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8420)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



SBI China Capital Financial Services Limited

THE PLACING

On 30 August 2019 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, an aggregate of up to 120,000,000 Placing Shares to Placees who and whose ultimate beneficial owners will be third parties independent of the Company and its connected persons at the Placing Price of HK\$0.09.

The maximum number of 120,000,000 Placing Shares under the Placing represents approximately 20.00% of the existing issued share capital of the Company of 600,000,000 Shares as at the date of this announcement and approximately 16.67% of the issued share capital of 720,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,200,000.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

The maximum gross proceeds from the Placing will be approximately HK\$10,800,000. The maximum net proceeds from the Placing will amount to approximately HK\$10,584,000. The net proceeds from the Placing will be used for business development and working capital. The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$0.0882 per Share.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

30 August 2019 (after trading hours)

Issuer

The Company

Placing Agent

SBI China Capital Financial Services Limited

The Placing Agent has conditionally agreed to place a maximum of 120,000,000 Placing Shares on a best effort basis and will receive a placing commission of 2% on the gross proceeds of the actual number of Placing Shares being placed. Having considered the Placing Price and the terms of the Placing, the Directors are of the view that the placing commission of 2% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. If the number of Placees is less than six, the Company will make further announcement setting out the names of the Placees in accordance with Rule 17.30(7) of the GEM Listing Rules.

Number of Placing Shares

The 120,000,000 Placing Shares under the Placing represent approximately 20.00% of the existing issued share capital of the Company of 600,000,000 Shares as at the date of this announcement and approximately 16.67% of the issued share capital of 720,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$1,200,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.09 represents a discount of 10% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.1000 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.0938 per Share for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Shares

The Placing Shares will be allotted and issued pursuant the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 120,000,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing under the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

If the above condition is not satisfied on or before 30 September 2019 (or such later date as the Company and the Placing Agent may agree), all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation thereto.

Termination of the Placing

Under the Placing Agreement, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary) terminate the Placing Agreement by giving notice to the Company, if at any time between the date of the Placing Agreement and at or before 10:00 a.m. on the Completion Date there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (b) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any significant change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or

- (d) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or
- (e) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or the prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

Upon termination of the Placing Agreement pursuant to the above paragraphs, the obligations of the Placing Agent shall cease and the Company shall not be liable to pay any commission under the Placing Agreement, and other provisions of the Placing Agreement shall forthwith cease and determine and no party shall, save as provided in the above paragraphs, have any claim against the other party for compensation, costs, damages or otherwise, save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on or before the tenth Business Day after the fulfillment of the condition set out in the Placing Agreement or such later date as the Company and the Placing Agent may agree in writing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in provision of cyber infrastructure solutions services, and provision of cyber security solutions services.

In the view of huge and fast growing in the market for information and communication technology (ICT) solution in the PRC, in order to enhance the core competence of cyber infrastructure solutions and cyber security solutions, to diversify the Group's business risks and to utilise the Group's internal resources and capabilities effectively, the Group will reallocate its internal resources and capabilities to the business in the PRC. Currently, the Group is in the process of seeking potential business partners with abundant experience on business development in the PRC and capability on ICT technique to develop a comprehensive ICT solution service in the PRC. The Directors believe that the Placing will strengthen the Group's financial position, enlarge its Shareholder and capital base and enhance its ability to diversify its business development into the PRC, such as SaaS business.

The Directors consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be approximately HK\$10,800,000. The maximum net proceeds from the Placing will amount to approximately HK\$10,584,000. The net proceeds from the Placing will be used for (i) development of ICT services in the PRC, including but not limited to, cyber security solution projects, SaaS online services; and (ii) general working capital.

The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$0.0882 per Share.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fundraising activities in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

Shareholders	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
<i>Substantial Shareholder</i>				
Alpha Sense Investments Limited (<i>Note</i>)	272,686,500	45.45	272,686,500	37.87
<i>Others</i>				
Placees	—	—	120,000,000	16.67
Public shareholders and others	<u>327,313,500</u>	<u>54.55</u>	<u>327,313,500</u>	<u>45.46</u>
Total:	<u><u>600,000,000</u></u>	<u><u>100</u></u>	<u><u>720,000,000</u></u>	<u><u>100</u></u>

Note:

Alpha Sense Investments Limited is an investment holding company incorporated in the BVI and is held as to 100% by Mr. Foo Moo Teng, an executive Director, chairman of the Board and chief executive officer of the Company.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 20 May 2019
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days 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 licensed banks generally are open for general banking business in Hong Kong
“Company”	Nexion Technologies Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion Date”	the date of completion of transactions contemplated under the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Placee(s)”	any investor who is either an individual, professional or an institutional investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of up to 120,000,000 Shares on a best effort basis pursuant to the terms of the Placing Agreement

“Placing Agent”	SBI China Capital Financial Services Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 30 August 2019 in relation to the Placing
“Placing Price”	HK\$0.09 per Placing Share
“Placing Share(s)”	a maximum of 120,000,000 new Shares to be allotted and issued pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Nexion Technologies Limited
Foo Moo Teng
Chairman and Executive Director

Hong Kong, 30 August 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Foo Moo Teng, Mr. Edgardo Osillada Gonzales II and Mr. Shan Baofeng; and three independent non-executive Directors, namely Mr. Chan Ming Kit, Ms. Lim Joo Seng and Mr. Park Jee Ho.

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 GEM website at www.hkgem.com on the “Latest Listed Company Information” page and the website of the Company at <http://nexion.com.hk> for at least 7 days from the date of its publication.