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## **NEXION TECHNOLOGIES LIMITED**

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

**(Stock Code: 8420)**

### **DISCLOSEABLE TRANSACTION FORMATION OF JV COMPANY**

On 24 September 2019, Charm Star, a wholly-owned subsidiary of the Company, entered into the JV Agreement with Aopu and Fulipai, pursuant to which the parties agreed to establish the JV Company which will be owned by Charm Star, Aopu and Fulipai as to 55%, 25% and 20%, respectively. The JV Company will operate a SaaS platform through its self-developed system to provide integrated services to individual proprietors and enterprises including system development and maintenance (SaaS service), information dissemination and transaction inquiry, matching and processing, order inquiry and management, pricing advice and consultation, and custody of transaction contracts and certificates.

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the entering into of the JV Agreement exceed 5% but all of them are below 25%, pursuant to Chapter 19 of the GEM Listing Rules, the entering into of the JV Agreement constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement but is exempt from shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

### **THE JV AGREEMENT**

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The principal terms of the JV Agreement are set out below:

Date: 24 September 2019

Parties: (1) Charm Star  
(2) Aopu  
(3) Fulipai

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Aopu, Fulipai and their respective ultimate beneficial owners are Independent Third Parties and not connected with the Group and its connected persons.

Registered Capital and shareholding of the JV Company:

The total registered capital of the JV Company will be RMB20,000,000, and will be held as follows:

<b>Shareholders</b>	<b>Capital to be contributed</b>	<b>% of Equity holding</b>
Charm Star	RMB11,000,000	55%
Aopu	RMB5,000,000	25%
Fulipai	RMB4,000,000	20%
<i>Total</i>	<u>RMB20,000,000</u>	<u>100%</u>

The amount of the registered capital of the JV Company was determined by the parties after arm's length negotiations with reference to the initial capital requirement for the development of the business of the JV Company and the registered capital of companies of similar size in the industry.

The registered capital will be contributed in two installments by the parties in cash and in the following manners:

- (1) The initial capital contribution totaling RMB4,000,000 shall be paid by the JV Partners in proportion to their respective equity holding in the JV Company within 30 days from the date of issue of the business licence of the JV Company;

- (2) The balance of the capital contribution totaling RMB16,000,000 shall be paid by the JV Partners in proportion to their respective equity holding in the JV Company on the date decided by the board of directors of the JV Company but in any event such payment date shall not exceed five years after the establishment of the JV Company.

If Fulipai fails to pay up its portion of initial contribution in full within 30 days after establishment of the JV Company, Fulipai shall pay an interest of the unpaid amount of contribution on a daily basis at an interest rate of 20% higher than the bank standard lending interest rate per annum, which shall be payable once a month. If Fulipai fails to settle the contribution one year thereafter, Fulipai will lose its entitlement to its interest in the unpaid registered capital. Fulipai shall transfer the unpaid portion of the equity interest in the JV Company to Charm Star and Aopu if each of Charm Star and Aopu, at their absolute discretion, agrees to acquire such equity interest.

As Charm Star will be interested in 55% of the equity interest of the JV Company and have the right to nominate two of three directors in the board of directors of the JV Company, the JV Company will be accounted as a subsidiary of the Group and its financial results will be consolidated with the financial statements of the Group.

The capital contribution by Charm Star is expected to be funded by the internal resources and external financing of the Group.

Board composition:

The board of directors of the JV Company will consist of three directors, two of whom will be nominated by Charm Star and one will be nominated by Aopu. Charm Star will have the right to nominate the chairman of the board of directors of the JV Company, who will act as the legal representative of the JV Company.

Distribution of profit:

The distributable profit shall be distributed to the JV Partners in accordance with their respective equity holding in the JV Company.

Responsibility of  
JV Partners:

Charm Star will be responsible for, among other things, introduction of strategic investors and partners and recruitment of experienced management, and technical staff.

Aopu will be responsible for, among other things, risk management in respect of regulatory requirements on taxation and various types of qualification, recruitment of managerial and technical staff, and application for tax exemption, tax reduction and tax refund, if any.

Fulipai will be responsible for, among other things, establishing technical platform and provision of market information, introduction of cooperation channel and source of customers and completing the performance targets set out by the JV Company.

Effective date of  
the JV Agreement:

The JV Agreement shall take effect upon (i) execution of the JV Agreement by all the JV Partners; (ii) obtaining approval from the Board and fulfilling the necessary requirement under the GEM Listing Rules; and (iii) obtaining approval by relevant PRC departments.

## **INFORMATION ON THE JV PARTNERS**

Aopu is a limited liability partnership established in the PRC. Its scope of business includes enterprise registration agent, enterprise management consultation, business information consultation, financial consultation, cultural arts exchange and planning, meeting services, funeral services, exhibition and display services, marketing and sales planning, corporate image planning, and public relations activity planning.

Fulipai is a limited liability partnership established in the PRC. Its scope of business includes enterprise management and consultation, business information consultation and electronic commerce (but value-added telecommunication and financial businesses shall not be engaged).

## **INFORMATION OF THE GROUP**

The Group is a well-established information and communications technology (“ICT”) solution provider, which is principally engaged in provision of cyber infrastructure solutions services, and provision of cyber security solutions services.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

The JV Company will operate a SaaS platform through its self-developed system to provide integrated services to individual proprietors and enterprises including system development and maintenance (SaaS service), information dissemination and transaction inquiry, matching and processing, order inquiry and management, pricing advice and consultation, custody of transaction contracts and certificates.

The partners of Aopu are well-experienced in handling tax exemption and other tax-related matters and managing government relations, and the partners of Fulipai are well-versed in management system such as ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) and are familiar with sales channels of small and medium enterprises. The establishment of the JV Company enables the Group to leverage the resources and expertise of Aopu and Fulipai and expand its ICT services in the PRC, which in turn will enhance the revenue stream and improve the financial position of the Group.

The Directors (including the independent non-executive Directors) consider that the formation of the JV Company was conducted under normal commercial terms, the terms of which are fair and reasonable, and the entering into of the JV Agreement is in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the entering into of the JV Agreement exceed 5% but all of them are below 25%, pursuant to Chapter 19 of the GEM Listing Rules, the entering into of the JV Agreement constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement but is exempt from shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Aopu”	上海奧普企業服務中心（有限合夥）(Shanghai Aopu Enterprise Service Centre (Limited Partnership)*), a limited partnership established in the PRC
“Board”	the board of the Directors
“Charm Star”	Charm Star Asia Pacific Limited (輝星亞太有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Company”	Nexion Technologies Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Company Law”	the Company Law of the PRC
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Fulipai”	上海福禮派企業管理諮詢合夥企業（有限合夥）(Shanghai Fulipai Enterprise Management and Consultation Partnership Enterprise (Limited Partnership)*), a limited partnership established in the PRC
“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
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) of the Company
“JV Agreement”	a joint venture agreement dated 24 September 2019 and entered into between the JV Partners for the formation of the JV Company
“JV Company”	a joint venture company to be established in accordance with the PRC laws and the terms of the JV Agreement as agreed by the JV Partners
“JV Partners”	Charm Star, Aopu and Fulipai

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China 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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

\* for identification purpose only

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

Hong Kong, 24 September 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](http://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.*