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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 21 November 2019, Big Accord, a wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Li Ling Company, pursuant to which the parties agreed to establish the JV Company in Hunan, the PRC to operate sharing economy clearing payment platform(s). The JV Company will be owned by Big Accord and Li Ling Company as to 70% and 30%, respectively.

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the entering into of the Cooperation Agreement exceed 5% but less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction of the Company, which is subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

THE COOPERATION AGREEMENT

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

Date: 21 November 2019

Parties: (1) Big Accord
(2) Li Ling Company

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Li Ling Company and its 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 RMB10,000,000, and will be held as follows:

Shareholders	Capital to be contributed	% of Equity holding
Big Accord	RMB7,000,000	70%
Li Ling Company	RMB3,000,000	30%
<i>Total</i>	<u>RMB10,000,000</u>	<u>100%</u>

Big Accord and Li Ling Company shall pay their respective capital contribution in full, i.e. RMB7,000,000 and RMB3,000,000, respectively, within 30 days from the date of issue of the business licence of the JV Company.

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.

Upon formation of the JV Company, Big Accord will hold 70% of equity interest in the JV Company and control its board composition. Therefore, 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 Big Accord 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 Big Accord and one of whom will be nominated by Li Ling Company. Big Accord will also have the right to nominate the chairman of the board of directors of the JV Company, the legal representative and general manager.

Matters relating to increase in capital, withdrawal of shareholder(s) or introduction of new shareholder(s) shall be approved by two-thirds of the board of directors of the JV Company and Li Ling Company shall have one veto right.

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:

Big Accord will be responsible for the following duties, among other things:

1. safe custody of trading funds;
2. formation of the management team;
3. supervising and managing the daily operation of the management team;
4. introduction of strategic investors and forming strategic cooperation relationship;
5. supervision of the application and obtaining of relevant qualification according to the operation and development of the JV Company; and
6. procuring the platform to implement various types of innovative operation and management measures in Li Ling City according to the management team's research in respect of relevant policies, market and competitors.

Li Ling Company will be responsible for the following duties, among other things:

1. assisting in the registration of the JV Company;
2. assisting in the execution of commissioned tax collection agreement valid till 31 December 2022 (subject to the confirmation of the tax authority);
3. assisting in obtaining the retention of a 70% tax refund policy from local tax authority;
4. coordination of the local policies and resources with a view to maintaining the validity and subsistence of the JV Company;
5. procuring the online platform to launch the electronic certificate sharing service system;
6. procuring the platform to obtain information relating to individual tax payment and giving assistance in implementing relevant tax policies; and
7. assisting in office rentals.

Li Ling Company will not participate in the daily operation and management of the JV Company.

Effective date of the Cooperation Agreement: The Cooperation Agreement shall take effect upon (i) execution of the Cooperation 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 department.

INFORMATION ON LI LING COMPANY

Li Ling Company is a company established in the PRC with limited liability which is beneficially owned by the Li Ling Municipal Financial Bureau of the PRC, and is principally engaged in infrastructure construction and reconstruction in Li Ling City, the PRC.

INFORMATION ON THE GROUP

The Group is a well-established information and communications technology 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 sharing economy clearing payment platform(s) in the PRC.

By collaborating with Li Ling Company, the Group could leverage its resources, network and relations with the governmental authorities in Li Ling City. The establishment of the JV Company is in line with the development strategy of the Group in the information technology businesses in the PRC and enables the Group to expand its sharing economy clearing payment platform in the PRC, which in turn will broaden 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 Cooperation 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 Cooperation Agreement exceed 5% but less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction of the Company, which is subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Big Accord”	Big Accord Limited (巨確有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Board”	the board of the Directors
“Company”	Nexion Technologies Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Cooperation Agreement”	a cooperation agreement dated 21 November 2019 and entered into between the JV Partners for the formation of the JV Company
“Director(s)”	the director(s) of the Company
“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 Company”	a joint venture company to be established in accordance with the PRC laws and the terms of the Cooperation Agreement as agreed by the JV Partners
“JV Partners”	Big Accord and Li Ling Company
“Li Ling Company”	醴陵市農業發展有限責任公司 (Li Ling Agricultural Development Co., Ltd.*), a company established in the PRC with limited liability
“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, 21 November 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.