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NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8420)

PROFIT WARNING

This announcement is made by Nexion Technologies Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”) and the information currently available, the Group is expected to record a loss attributable to equity holders of the Company of approximately US\$2,200,000, as compared to a loss attributable to equity holders of the Company of approximately US\$868,000 for the six months ended 30 June 2019 (the “**Prior Period**”).

Based on the information currently available, the Board considered the significant increase in loss was mainly attributable to the following reasons:

- (i) significant change of segment results (adjusted earnings before interest, taxes, depreciation and amortisation (“**Adjusted EBITDA**”)) of cyber security solutions segment. The Group may record a change of segment results (Adjusted EBITDA) of the cyber security solutions segment from profit of approximately US\$187,000 for the Prior Period to loss of approximately US\$390,000 for the Period, which was mainly affected by the decline in revenue due to impact of the outbreak of Coronavirus Disease 2019 (COVID-19) and impairment loss on trade receivables of approximately US\$400,000;
- (ii) segment loss (Adjusted EBITDA) of approximately US\$200,000 from Software-as-a Service (“**SaaS**”) segment, a new business in the People’s Republic of China, which was due to significant amount incurred in professional fee and advertisement fee for development and expansion of SaaS business; and

(iii) increase in depreciation and amortisation from approximately US\$435,000 in the Prior Period to approximately US\$795,000 in the Period due to increase in additions of plant and equipment and internally developed technologies with finite useful lives to enhance the Group's technologies and research and development capabilities.

The Company is still in the process of finalising the consolidated financial results of the Group for the Period. The information contained in this announcement is only based on the information currently available to the Company and such information has not been reviewed or audited by the independent auditor of the Company or reviewed by the audit committee of the Company.

Shareholders and potential investors are advised to peruse the financial results of the Company for the Period with care when it is released. The interim results announcement of the Group for the Period shall prevail over the information contained herein. It is expected that the interim results of the Company for the Period will be published on or around 10 August 2020.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 3 August 2020

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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.