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NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8420)

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of Nexion Technologies Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 6 June 2017 (the “**Prospectus**”) relating to the listing of the Company’s shares on the GEM of the Stock Exchange; and (ii) the Company’s interim report for the six months ended 30 June 2020 dated 14 August 2020 (the “**Interim Report**”) relating to the updates regarding use of proceeds. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS AND CHANGE IN USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company at the time of its listing (the “**Listing**”) on GEM on 16 June 2017 (the “**Listing Date**”) through the public offer of 150,000,000 shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.48 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$51,995,000 (equivalent to approximately US\$6,666,000).

Up to 30 June 2020, the net proceeds from the Listing had been applied according to which disclosed in the section headed “Statement of Business Objectives and Use of Proceeds” in the Prospectus were as follows:

	Adjusted use of net proceeds		Actual use of net proceeds from the Listing Date and up to 30 June 2020		Unutilised net proceeds up to 30 June 2020	
	HK\$'000	US\$'000	HK\$'000	US\$'000	HK\$'000	US\$'000
To acquire and renovate a new property as the Group’s headquarter and R&D Centre	15,023	1,926	15,023	1,926	–	–
To develop new products, upgrade existing products and strengthen R&D team	5,585	716	5,585	716	–	–
To expand sales and marketing team	6,146	788	1,167	147	4,979	641
To develop Netsis Hybrid Converge Hub in Singapore	6,217	797	6,217	797	–	–
To develop Netsis Security Hub in Hong Kong	14,204	1,821	14,204	1,821	–	–
Working capital over the period	4,820	618	4,820	618	–	–
	<u>51,995</u>	<u>6,666</u>	<u>47,016</u>	<u>6,025</u>	<u>4,979</u>	<u>641</u>

As at the date of this announcement, the unutilised net proceeds amounted to approximately HK\$4,781,000 (equivalent to approximately US\$613,000) (the “**Unutilised Net Proceeds**”). The board of directors (the “**Board**”) of the Company has resolved to reallocate the Unutilised Net Proceeds of approximately HK\$4,781,000 (equivalent to approximately US\$613,000) from the expansion of sales and marketing team to general working capital (the “**Change in Use of Net Proceeds**”).

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the Prospectus, the Company originally intended to expand its cyber security solutions business into Europe and Middle East & Africa region through establishment of regional offices and expansion in sales and marketing team in Frankfurt, Germany to cater for the European market and in Dubai, UAE to cater for the Middle East & African market. Upon investigation and research, the Company currently has not yet identified any suitable investment opportunities in both Frankfurt, Germany and Dubai, UAE, resulting in a low efficiency of the capital use.

Meanwhile, in view of the outbreak of Coronavirus Disease 2019 has been rapidly evolving globally and has significantly impacted the global economic and financial markets, the Company expected that such significant impact on the global economic and financial markets may adversely affect the financial performance of the Group. The Company requires more working capital to strengthen existing business. The re-allocation of the Unutilised Net Proceeds, which were originally allocated for expanding sales and marketing team, to supplement the general working capital for the ordinary operations of the Group is more beneficial to meet the current operation needs and provide more buffer to cope with the economic uncertainty in the future.

As such, based on the interest of the Company and its Shareholders as a whole, and in view of strengthening the efficiency and effectiveness of the capital use, the Change in Use of Net Proceeds is more appropriate to meet the current business needs of the Company, which also enables the Company to invest its financial sources in a more beneficial and effective way so as to cooperate in the future development of the Company and grasp the potential business opportunities in the future.

The Board believes that the Change in Use of Net Proceeds is in the best interest of the Company and its Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group.

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

Hong Kong, 24 February 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Foo Moo Teng (Chairman), Mr. Ong Gim Hai and Mr. Roy Ho Yew Kee; and three independent non-executive Directors, namely Ms. Lim Joo Seng, Mr. Tang Chak Lam Gilbert and Mr. Yeung Chun Yue David.

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.