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NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8420)

DISCLOSEABLE TRANSACTION DISPOSAL OF THE TARGET COMPANY AND ASSIGNMENT OF THE SHAREHOLDER'S LOAN

THE DISPOSAL

The Board is pleased to announce that on 4 May 2022 (after trading hours), the Company, as the Vendor, and the Purchaser entered into the Agreement, pursuant to which the Company agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company and assign the Shareholder's Loan, to the Purchaser for the Consideration of US\$1,165,849, which will be satisfied by way of cash.

Upon the Completion, the Group will no longer hold any interest in the Target Company and the Target Group will cease to be accounted as subsidiaries of the Group.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

INTRODUCTION

On 4 May 2022 (after trading hours), the Company as the Vendor, and the Purchaser entered into the Agreement, pursuant to which the Company agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company and assign the Shareholder's Loan, to the Purchaser for the Consideration of US\$1,165,849, which will be satisfied by way of cash. A summary of the main terms of the Agreement are set out below.

THE AGREEMENT

Date: 4 May 2022 (after trading hours)

Parties: the Company as the Vendor; and
the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be Disposed of

Pursuant to the Agreement, the Company as the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sales Shares, representing the entire issued share capital of the Target Company and assign the Shareholder's Loan to the Purchaser. For details of the Target Group, please refer to the section headed "INFORMATION ON THE TARGET GROUP".

Consideration and Payment Manner

Pursuant to the Agreement, the Consideration for the Disposal is US\$1,165,849, comprises the following:

- (a) the entire issued share capital of the Target Company in the sum of US\$100; and
- (b) the assignment of the Shareholder's Loan in the sum of US\$1,165,749.

The Consideration shall be paid by cash in two installments as follows:

- (a) the first payment of US\$500,100 will be payable by the Purchaser on 5 May 2022; and
- (b) the balance of US\$665,749 will be payable by the Purchaser on 13 May 2022.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser with reference to the valuation of the total equity and assets and liabilities of the Target Group as at 15 April 2022, having taken into account the appraised market value of the Property pursuant to the Valuation Report.

Conditions precedent

Completion of the Disposal is conditional upon the satisfaction of, among others, the following conditions:

- (a) the Purchaser having completed its due diligence on the Target Group and the Property;
- (b) the completion of valuation of the Property;
- (c) there does not exist any material adverse changes to the Target Group and the Property, or events or circumstances that would prevent the transactions contemplated under the Agreement from being continued or proceed;
- (d) compliance with all other applicable laws, rules and regulations including but not limiting to the GEM Listing Rules for the transactions contemplated under the Agreement; and
- (e) the Consideration has been fully settled by the Purchaser.

Completion

Subject to the fulfilment of the condition precedents, the Completion shall take place on 13 May 2022 or such other date as the Company and the Purchaser may agree in writing.

Upon the Completion, the Group will no longer hold any equity interest in the Target Company. The Target Group will cease to be accounted as subsidiaries of the Group and the financial results of the Target Group will cease to be consolidated into the financial results of the Group.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability in 2017 and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding. The Sole Subsidiary of the Target Company is a company incorporated in Singapore with limited liability in 2017 and is principally engaged in property holding. The Property held by the Sole Subsidiary is used for commercial office of the subsidiaries of the Group.

Financial information of the Target Group

Set out below are the financial information of the Target Company, as extracted from its unaudited financial statements for the period from 1 January 2022 to 15 April 2022, and audited financial statements for the years ended 31 December 2021 and 2020:

	For the year ended 31 December		For the period from 1 January 2022 to 15 April 2022
	2020	2021	
	US\$'000	US\$'000	US\$'000
	(Audited)	(Audited)	(Unaudited)
Net liabilities	21	63	29
Loss before tax	21	1	1
Loss after tax	21	7	1

Subject to final audit, the Group is expected to record a gain of approximately US\$29,000 on the Disposal, which is calculated by reference to the unaudited carrying value of the Target Group as at 15 April 2022.

INFORMATION ON THE GROUP, THE COMPANY AS THE VENDOR AND THE PURCHASER

The Group and the Company as the Vendor

The Company is an investment holding company. The Group is a well-established information and communications technology solution provider, which is principally engaged in provision of cyber infrastructure solutions services, cyber security solutions services and Software-as-a-Service.

The Purchaser

The Purchaser is a merchant. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Purchaser is an Independent Third Party.

REASONS FOR THE DISPOSAL AND INTENDED USE OF PROCEEDS

Taking into account of the current financial position and business operation of the Group, the Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the net assets of the Target Group at a reasonable price and the proceeds from the Disposal will enable the Group to re-allocate more financial resources on future potential investment opportunities and/or working capital of the Group.

Having considered the above, the Directors are of the view that the terms of the Agreement are on normal commercial terms that are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

The Company intends to use the net proceeds from the Disposal for general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Chapter 19 of the GEM Listing Rules in respect of the transactions contemplated under the Agreement exceeds 5% but is less than 25%, the Disposal therefore constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement”	the sale and purchase agreement dated 4 May 2022 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the board of Directors
“Company”	Nexion Technologies Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	the completion of the Disposal under the Agreement
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Consideration”	US\$1,165,849, being the total consideration for the Disposal

“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Independent Third Party”	independent third party who is not connected person of the Company and is independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Nexion Global”	Nexion Global Investments Limited, a limited liability company established in British Virgin Islands, the immediate holding company of the Target Company and a wholly-owned subsidiary of the Company as at the date of the Agreement
“Property”	the office unit located at Unit #10-03 Novelty Bizcentre, 18 Howard Road, Singapore 369585
“Purchaser”	Ler Tiong Hin, Alan, a Singapore resident
“Sale Shares”	entire issued share capital of the Target Company
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shareholder’s Loan”	the entire amount of the unsecured and interest-free loan owing from the Target Group to Nexion Global, the amount of which as at 15 April 2022 and 4 May 2022 was US\$1,165,749
“Sole Subsidiary”	Nexion Investment Pte. Ltd, a limited liability company established in Singapore and wholly-owned subsidiary of the Target Company as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fortune Shoreline Limited, a limited liability company established in British Virgin Islands and an indirect wholly-owned subsidiary of the Company as at the date of the Agreement

“Target Group”	the Target Company and its Sole Subsidiary
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Valuation Report”	the valuation report issued by an independent and qualified valuer in Singapore using the sale comparison method on 25 April 2022
“Vendor”	the Company
“%”	per cent

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

Hong Kong, 4 May 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Foo Moo Teng (Chairman) and Mr. Ong Gim Hai; one non-executive Director, namely 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.