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NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8420)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF THE
ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY
INVOLVING THE ISSUE OF NEW SHARES
UNDER GENERAL MANDATE**

THE ACQUISITION

The Board is pleased to announce that on 7 April 2021 (after trading hours), the Company, as the Purchaser, and the Vendors entered into the Agreement, pursuant to which the Company has conditionally agreed to acquire the Sale Shares from the Vendors at an aggregate consideration of SGD3,500,000.00 which will be satisfied by way of cash and the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued under the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Maximum Consideration Shares.

The Sale Shares represent the entire issued share capital of the Target Company as at the date of this announcement.

LISTING RULE IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition 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.

Completion of the Acquisition is subject to fulfilment or waiver (as the case may be) of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 7 April 2021 (after trading hours), the Company as the Purchaser and the Vendors entered into the Agreement, pursuant to which the Company has conditionally agreed to acquire the Sale Shares from the Vendors at an aggregate consideration of SGD3,500,000.00 which will be satisfied by way of cash and the issue and allotment of the Consideration Shares. A summary of the material terms of the Agreement are set out below.

THE AGREEMENT

Date: 7 April 2021 (after trading hours)

Parties: Vendor A;

Vendor B; and

The Company as the Purchaser

(each a “**Party**” and collectively the “**Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, both Vendor A and Vendor B are Independent Third Parties.

Assets to be Acquired

Pursuant to the Agreement, the Vendors have agreed to sell and the Company has agreed to purchase the Sales Shares, which comprises 25,000 shares owned by Vendor A and 75,000 shares owned by Vendor B of SGD1.00 each in the issued share capital of the Target Company representing its entire issued share capital.

Consideration

Pursuant to the Agreement, the total aggregate Consideration for the Sale Shares is SGD3,500,000.00, which shall be satisfied 50% by cash and 50% by way of the allotment and issue of the Consideration Shares. The issue price of the Consideration Shares shall be calculated based upon the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of issue of the Consideration Shares for the Tranche 2 Payment and Tranche 3 Payment respectively subject to a maximum of 19,800,000 Consideration Shares being issued (“**Maximum Consideration Shares**”).

The Consideration is to be paid as follows:

- (a) Upon Completion, the Company shall pay to the Vendors (in proportion to the Vendors’ shareholdings) SGD1,167,000.00 which shall be satisfied in cash (“**Tranche 1 Payment**”);
- (b) Subject to the fulfilment of the Profit Guarantee 2021, within 30 days from the date of the audited accounts for the year ending 31st December 2021, the Company shall pay to the Vendors (in proportion to the Vendors’ shareholdings) SGD1,166,500.00, of which SGD291,500.00 shall be satisfied in cash and SGD875,000.00 shall be satisfied by the issue of such Consideration Shares equivalent to SGD875,000.00 (“**Tranche 2 Payment**”), provided always that the number of Consideration Shares to be issued pursuant to the Tranche 2 Payment shall not exceed the Maximum Consideration Shares. Where the Consideration Shares issued pursuant to the Tranche 2 Payment is not sufficient to satisfy the consideration amount of SGD875,000.00, the remaining balance shall be satisfied by cash;
- (c) Subject to the fulfilment of the Profit Guarantee 2022, within 30 days from the date of the audited accounts for the year ending 31st December 2022, the Company shall pay to the Vendors (in proportion to the Vendors’ shareholdings) SGD1,166,500.00, of which SGD291,500.00 shall be satisfied in cash and SGD875,000.00 shall be satisfied by the issue of such Consideration Shares equivalent to SGD875,000.00 (“**Tranche 3 Payment**”), provided always that the total number of Consideration Shares issued pursuant to the Tranche 2 Payment and the Tranche 3 Payment (in aggregate) shall not exceed the Maximum Consideration Shares. Where the Consideration Shares issued pursuant to the Tranche 3 Payment is not sufficient to satisfy the consideration amount of SGD875,000.00, the remaining balance shall be satisfied in cash.

Profit Guarantee

Pursuant to the Agreement, the Vendors agree to provide the following profit guarantee to the Company with reference to the audited accounts of the Target Company for the year ending 31st December 2021 and 2022 respectively:

- (a) the net profit of the Target Company shall not be less than SGD500,000 (the “**Profit Guarantee 2021**”) for the period from 1st January 2021 to 31st December 2021; and
- (b) the net profit of the Target Company shall not be less than SGD500,000 (the “**Profit Guarantee 2022**”) for the period from 1st January 2022 to 31st December 2022.

The Vendors and the Company agree that in the event:

- (a) the Target Company does not achieve at least 60% of the Profit Guarantee 2021, the payment of the Tranche 2 Payment shall be waived. In the event the Target Company achieves at least 60% of the Profit Guarantee 2021, the Tranche 2 Payment (both in cash and in Consideration Shares) shall be pro-rated by the achievement percentage (more than 60%) against the Profit Guarantee 2021; and
- (b) the Target Company does not achieve at least sixty percent (60%) of the Profit Guarantee 2022, the payment of the Tranche 3 Payment shall be waived. In the event the Target Company achieves at least 60% of the Profit Guarantee 2022, the Tranche 3 Payment (both in cash and in Consideration Shares) shall be pro-rated by the achievement percentage (more than 60%) against the Profit Guarantee 2022.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiation between the Vendors and the Company, having taken into account (i) the financial statements of the Target Company for the year ended 31 December 2020; (ii) the future prospect of the business of the Target Company; and (iii) the Profit Guarantee 2021 and the Profit Guarantee 2022.

Conditions precedent

Completion shall be conditional upon the fulfilment or satisfaction of the following conditions precedent and the receipt by the Company of all such documentary evidence and/or written consent of such fulfillment or satisfaction of conditions precedent on or before the Long Stop Date:

- (a) the Vendors having obtained at its own cost and expense the approval or consent of the Target Company's financiers/creditors and any third party(ies) requiring such consent, for, inter alia, the sale and transfer of the Sale Shares in favour of the Company, upon the terms and subject to the conditions of the Agreement, where required;
- (b) the Stock Exchange having granted or having agreed to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Maximum Consideration Shares;
- (c) the Company having received a certified true copy of the signed latest accounts of the Target Company for its respective financial year submitted to Singapore ACRA and Tax Authorities and the contents of such accounts are satisfactory to the Company;
- (d) the Company being satisfied with the contents of the Disclosure Letter(s), if any, by counter-signing the same;
- (e) the representations and warranties of the Vendors remaining true and correct in all material respects up to Completion; and
- (f) any other approval required by the Company, pursuant to any order, law, rules, regulations or directives of any governmental authorities or any listing requirements or by operation of law for the purpose of the Acquisition.

If any of the conditions precedent above is rejected or not fulfilled (or waived) or deemed not to be obtained or fulfilled on the Long Stop Date or such other date as mutually agreed in writing by the Parties, the Agreement shall lapse and thereupon the Agreement and everything contained thereto shall, except for certain clauses, subject to the liability of any Party to the other Parties in respect of any antecedent breach of the terms thereto, be null and void and of no further effect.

Completion

Completion of the Acquisition shall, subject to fulfilment or satisfaction, or waiver (where applicable) of the conditions precedent, take place on a date agreed upon by the Parties in writing and falling within a period of 5 days from the date of such fulfilment or satisfaction, or waiver (where applicable) of the last of all the conditions precedent (or if that date is not a Business Day, on the immediately following Business Day) pursuant to the terms of the Agreement.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the Company's consolidated financial statements.

Consideration Shares

The Consideration Shares will be issued at an issue price calculated based upon the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of issue of such Consideration Shares for fulfilment of the Tranche 2 Payment and the Tranche 3 Payment respectively (the "**Issue Price**").

The maximum number of Consideration Shares to be issued for fulfilment of both the Tranche 2 Payment and Tranche 3 Payment shall be 19,800,000 Shares (the "**Maximum Consideration Shares**"), which represents (i) approximately 2.75% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Maximum Consideration Shares on a fully diluted basis.

General Mandate

The Consideration Shares will be allotted and issued by way of the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Maximum Consideration Shares. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with each other and with other Shares then in issue as at the relevant date of issue of the Consideration Shares.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 720,000,000 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of the Consideration Shares for fulfilment of the Tranche 2 Payment; and (iii) immediately upon the allotment and issue of the Consideration Shares for fulfilment of the Tranche 3 Payment (assuming there are no other changes in the share capital of the Company from the date of this announcement to the date of allotment and issue of the Consideration Shares):

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon the allotment and issue of the Consideration Shares for fulfilment of Tranche 2 Payment		(iii) Immediately upon the allotment and issue of the Consideration Shares for fulfilment of Tranche 3 Payment	
	Shares	Approximate percentage	Shares	Approximate percentage	Shares	Approximate percentage
Mr. Foo Moo Teng (<i>chairman, executive director and chief executive officer</i>) (Note 1)	154,838,000	21.51%	154,838,000	21.21%	154,838,000	20.93%
XOX Bhd (Note 2)	117,848,500	16.37%	117,848,500	16.15%	117,848,500	15.93%
UBS Group AG (Note 3)	94,570,000	13.13%	94,570,000	12.96%	94,570,000	12.78%
Hui Kiat Bin	–	–	2,475,000	0.34%	4,950,000	0.67%
Kow Kim Song	–	–	7,425,000	1.02%	14,850,000	2.01%
Other public Shareholders	352,743,500	48.99%	352,743,500	48.33%	352,743,500	47.68%
Total	<u>720,000,000</u>	<u>100%</u>	<u>729,900,000</u>	<u>100%</u>	<u>739,800,000</u>	<u>100%</u>

Note:

- Alpha Sense Investments Limited (“Alpha Sense (BVI)”) is an investment holding company incorporated in the British Virgin Islands (“BVI”) and is held as to 100% by Mr. Foo Moo Teng. By virtue of the SFO, Mr. Foo Moo Teng is deemed to be interested in the 154,838,000 Shares held by Alpha Sense (BVI).
- XOX (Hong Kong) Limited is an investment holding company incorporated in Hong Kong and is wholly-owned by XOX Bhd. XOX Bhd is a company incorporated in Malaysia, the shares of which are listed on Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange) (stock code: 0165). By virtue of the SFO, XOX Bhd is deemed to be interested in the 117,848,500 Shares held by XOX (Hong Kong) Limited.
- UBS AG is incorporated in Switzerland and is wholly-owned by UBS Group AG. UBS Group AG is an investment holding company incorporated in Switzerland, the shares of which are listed on SIX Swiss Exchange (stock code: UBSG: SW) and on the New York Stock Exchange (stock code: UBS). By virtue of the SFO, UBS Group AG is deemed to be interested in the 94,570,000 Shares held by UBS AG.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Singapore with limited liability in 2018 and its entire issued share capital is owned as to 25% by Vendor A and 75% by Vendor B respectively. As at the date of this announcement, the Target Company has no subsidiary or associate company or any equity interest in any other companies.

The principal activity of the Target Company is provision of smart technology services in workspace, community and cloud, and retail sale of security and fire-fighting equipment. Established in 2018, the Target Company has successfully deployed its smart technology solutions branded WerkDone to more than 100 clients and 50,000 end users in Singapore. The Target Company also maintains business relationship with six global business partners as it looks to take its services across borders.

Financial information of the Target Company

Set out below are the financial information of the Target Company, as extracted from its financial statements for the year ended 31 December 2019 and 2020:

	For the year ended 31 December 2019 SGD (unaudited)	For the year ended 31 December 2020 SGD (unaudited)
Net asset	183,615	107,220
Profit before tax	141,805	271,074
Profit after tax	131,373	270,199

REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENT

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 Group has been actively considering and exploring various opportunities to facilitate its business growth according to the market conditions with an aim to enhance the Shareholders' value. The Directors consider that the potential acquisition of the Target Company, which is principally engaged in provision of smart technology services in workspace, community and cloud, and retail sale of security and fire-fighting equipment, provides an excellent opportunity that complements and strengthens the Group's existing business segments and expands into the enterprise digital transformation area and smart technology industry. It is also expected that the Group will benefit from the rapid revenue growth and technical knowhow of the Target Company.

On the basis of the foregoing, the Directors are of the view that the terms of the Agreement and the transaction contemplated thereunder, which have been agreed after arm's length negotiations, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition 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.

Completion of the Acquisition is subject to fulfillment or waiver (as the case may be) of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendors pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 7 April 2021 entered into among the Company, and each of the Vendors in respect of the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Singapore and Hong Kong are generally open for business throughout their normal business hours
“Company”	Nexion Technologies Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the 5th day after the date of fulfilment or satisfaction, or waiver (where applicable) of the last of all the conditions precedent set out in the Agreement (or if that date is not a Business Day, on the immediately following Business Day) or such other date as the Parties may mutually agree upon in writing

“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Consideration”	SGD 3,500,000.00, being the total consideration for the Acquisition
“Consideration Share(s) “	the new Shares to be allotted and issued to the Vendors at the Issue Price, for the purpose of settling the Consideration
“Director(s)”	the director(s) of the Company
“Disclosure Letter(s) ”	if any, the signed letter or letters from the Vendors to the Company relating to the warranties provided by the Vendors as set out in the Agreement
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 20 May 2020 to issue and allot up to 144,000,000 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are 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
“Issue Price”	the issue price per Consideration Share calculated based upon the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of issue of such Consideration Shares for fulfilment of the Tranche 2 Payment and the Tranche 3 Payment respectively

“Long Stop Date”	20 April 2021 or such later date as the Vendors and the Company may agree upon in writing
“Maximum Consideration Shares”	19,800,000 Shares, being the maximum number of Consideration Shares to be issued for fulfilment of both the Tranche 2 Payment and the Tranche 3 Payment
“Purchaser”	the Company
“Sale Shares”	the 100,000 shares of the Target Company, representing 100.0% of its issued share capital
“SGD”	Singapore dollar, the lawful currency of Singapore
“Share(s)”	the ordinary share(s) of par value of HKD0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Storm Front Pte. Ltd, a private limited company incorporated in Singapore which is owned as to 25% by Vendor A and 75% by Vendor B as at the date of the Agreement
“Vendor A”	Hui Kiat Bin
“Vendor B”	Kow Kim Song
“Vendors”	Vendor A and Vendor B
“%”	per cent

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

Hong Kong, 7 April 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Foo Moo Teng (Chairman), Mr. Roy Ho Yew Kee and Mr. Ong Gim Hai; 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.