

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report prepared by Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, the joint reporting accountants of the Company, as set forth in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted combined net tangible assets of the Group is prepared in accordance with Rule 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the combined net tangible assets of the Group attributable to the owners of the Company at 31 December 2016 as if the [REDACTED] had taken place on that date and is prepared based on the audited combined net tangible assets of the Group attributable to the owners of the Company at 31 December 2016 derived from the Accountants' Report, as set out in Appendix I to this document and adjusted as indicated below.

This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group at 31 December 2016 or at any future dates following the [REDACTED].

	Audited combined net tangible assets attributable to the owners of the Company at 31 December 2016		Estimated [REDACTED] from the [REDACTED]		Unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company		Unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company per Share	
	(Note 1) US\$'000	(Note 5) HK\$'000	(Note 2, 5) US\$'000	(Note 2) HK\$'000	(Note 5) US\$'000	(Note 5) HK\$'000	(Note 3) US\$	(Note 5) HK\$
Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]	4,908	38,282	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]	4,908	38,282	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

1. The audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2016 is based on the audited combined net assets attributable to the owners of the Company as at 31 December 2016 of approximately US\$5,379,000 with an adjustment for the intangible assets at 31 December 2016 of approximately US\$471,000, extracted from the combined financial information included in the Accountants' Report as set out in Appendix I to this document.
2. The estimated [REDACTED] from the [REDACTED] are based on [REDACTED] new Shares and the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], respectively, after deduction of relevant estimated [REDACTED] commissions and fees and other related expenses payable by the Company excluding approximately US\$[REDACTED] [REDACTED]-related expenses which has been accounted for prior to 31 December 2016. The estimated [REDACTED] have not taken into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
3. The calculation of the pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share is based on [REDACTED] Shares expected to be in issue after the completion of the [REDACTED] and the [REDACTED]. It has not taken into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2016.
5. These amounts are converted from US dollars to Hong Kong dollars or Hong Kong dollars to US dollars at an exchange rate of US\$1 to HK\$7.8. No representation is made that US dollars/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/US dollars at that rate or at all.

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The following is the text of a report received from the independent joint reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this document.

B. ASSURANCE REPORT FROM THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP



[•]

The Directors
Nexion Technologies Limited
Southwest Securities (HK) Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Nexion Technologies Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**"). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to the owners of the Company at 31 December 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the document issued by the Company dated [•] (the "**Document**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed [REDACTED] of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited by the way of [REDACTED] on the Group's financial position at 31 December 2016 as if the event had had taken place at 31 December 2016. As part of this process, information about the Group's financial position at 31 December 2016 has been extracted by the Directors from the Group's financial information for the year ended 31 December 2016, on which an accountants' report set out in Appendix I to the Document has been published.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those report were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

Mazars LLP
*Public Accountants and Chartered
Accountants of Singapore*
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536