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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 year ended 31 December 2020 (the “**Year**”) and the information currently available, the Group is expected to record significant increase in loss attributable to equity holders of the Company of not more than US\$6,000,000, as compared to a loss attributable to equity holders of the Company of approximately US\$2,105,000 for the year ended 31 December 2019 (the “**Prior Year**”).

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

- (i) Significant decrease in revenue from cyber infrastructure solutions segment and cyber security solutions segment from approximately US\$1,308,000 for the Prior Year to approximately US\$871,000 for the Year, and from approximately US\$2,055,000 for the Prior Year to approximately US\$258,000 for the Year, respectively. The decrease in revenue from both segments was mainly attributable to the impact of the outbreak of Coronavirus Disease 2019;
- (ii) The change of segment results (adjusted earnings before interest, taxes, depreciation and amortisation (“**Adjusted EBITDA**”)) of Software-as-a-Service (“**SaaS**”) segment. The Group may record a change of segment results (Adjusted EBITDA) of the SaaS segment from profit of approximately US\$496,000 for the Prior Year to loss of approximately US\$417,000 for the Year, which was mainly due to attributable to increase in subcontracting fee incurred;
- (iii) The increase in impairment loss on non-current assets of approximately US\$1,250,000 for the Year (*Period Year: Nil*);

- (iv) The increase in impairment loss on trade and other receivables of approximately US\$983,000 for the Year (*Period Year: approximately US\$588,000*), respectively; and
- (v) increase in depreciation and amortisation from approximately US\$1,153,000 for the Prior Year to approximately US\$1,624,000 for the Year 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 during the Prior Year.

The Company is still in the process of finalising the consolidated financial results of the Group for the Year. 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 Year with care when it is released. The annual results of the Group for the Year shall prevail over the information contained herein. It is expected that the annual results of the Company for the Year will be published on or around 24 March 2021.

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, 16 March 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.