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

MAZARS

[●]

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

Dear Sirs,

We set out below our report on the financial information of Nexion Technologies Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), which comprises the combined statements of financial position of the Group at 31 December 2014, 2015 and 2016, the statement of financial position of the Company at 31 December 2016, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2014, 2015 and 2016 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"), prepared on the basis of presentation as set out in Note 2 of Section B below, for inclusion in the document of the Company dated [●] (the "**Document**") issued in connection with the initial [REDACTED] of the shares of the Company on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2016. Pursuant to a group reorganisation (the "**Reorganisation**") as detailed in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of the Document, which was completed on 30 June 2016, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation and certain fund raising activities, the Company has not commenced any significant business or operation since its incorporation. At the date of this report, no audited financial statements have been prepared for the Company since the date of its incorporation.

At the date of this report, the Company has direct/indirect equity interests in its subsidiaries as set out in Note 1 of Section B below. All the entities now comprising the Group are private companies and have adopted 31 December as their financial year end dates. The audited financial statements of the subsidiaries for which there are statutory audit requirements have been prepared in accordance with relevant accounting principles and financial reporting regulations applicable to these entities in the countries in which they were incorporated/established. Details of the statutory auditors of the subsidiaries are set out in Note 1 of Section B below.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the "**Underlying Financial Statements**") in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**"). The Underlying Financial Statements were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustment made thereon and in accordance with the basis of presentation as set out in Note 2 of Section B below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance, the applicable disclosure provisions of the GEM Listing Rules and the basis of presentation as set out in Note 2 of Section B below, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

JOINT REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you, based on our procedures performed in accordance with Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 31 December 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of presentation as set out in Note 2 of Section B below, a true and fair view of the financial position of the Group at 31 December 2014, 2015 and 2016, the financial position of the Company at 31 December 2016, and of the financial performance and cash flows of the Group for the Relevant Periods.

A. FINANCIAL INFORMATION OF THE GROUP

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2014	2015	2016
	Note	*US$'000*	*US$'000*	*US$'000*
Revenue	*5*	2,443	3,715	5,635
Other income	*6*	24	13	84
Cost of inventories sold		(495)	(1,423)	(2,122)
Staff costs and related expenses	*7*	(273)	(452)	(928)
Depreciation and amortisation		(115)	(212)	(316)
Other operating expenses		(213)	(266)	(428)
Expenses for the Initial [REDACTED]		—	—	(514)
Profit before income tax	*7*	1,371	1,375	1,411
Income tax expenses	*10*	(8)	(25)	(135)
Profit for the year		1,363	1,350	1,276
Other comprehensive income		—	—	—
Total comprehensive income for the year		1,363	1,350	1,276
Earnings per share, basic and diluted (US$)	*11*	N/A	N/A	N/A

COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2014	2015	2016
	Note	*US$'000*	*US$'000*	*US$'000*
Non-current assets				
Property, plant and equipment	*13*	32	148	103
Intangible assets	*14*	263	417	471
		295	565	574
Current assets				
Inventories	*15*	38	44	63
Trade and other receivables	*16*	1,207	1,608	2,389
Due from a related company	*17*	—	76	—
Bank balances and cash		790	1,051	3,000
		2,035	2,779	5,452
Current liabilities				
Trade and other payables	*18*	277	432	494
Due to an ex-director of a subsidiary	*19*	30	—	—
Income tax payables		11	15	71
		318	447	565
Net current assets		1,717	2,332	4,887
Total assets less current assets		2,012	2,897	5,461
Non-current liabilities				
Deferred tax liabilities	*20*	2	17	82
NET ASSETS		2,010	2,880	5,379
Capital and reserves				
Share capital	*21*	—	—	—
Reserves		2,010	2,880	5,379
TOTAL EQUITY		2,010	2,880	5,379

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	At 31 December 2016
		US$'000
Non-current assets		
Investment in a subsidiary	*22(a)*	3,922
Current assets		
Due from a subsidiary	*22(b)*	1,200
Net current assets		1,200
NET ASSETS		5,122
Capital and reserves		
Share capital	*21*	—
Reserves	*22(c)*	5,122
TOTAL EQUITY		5,122

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Accumulated profits	Total
	US$'000	*US$'000 (Note 23)*	*US$'000 (Note 23)*	*US$'000*	*US$'000*
At 1 January 2014	—	—	627	20	647
Profit for the year and total comprehensive income for the year	—	—	—	1,363	1,363
At 31 December 2014	—	—	627	1,383	2,010
At 1 January 2015	—	—	627	1,383	2,010
Profit for the year and total comprehensive income for the year	—	—	—	1,350	1,350
Transaction with owners					
Contributions and distributions					
Dividends *(Note 12)*	—	—	—	(480)	(480)
Total transaction with owners	—	—	—	(480)	(480)
At 31 December 2015	—	—	627	2,253	2,880
At 1 January 2016	—	—	627	2,253	2,880
Profit for the year and total comprehensive income for the year	—	—	—	1,276	1,276
Transactions with owners:					
Contributions and distributions					
Issue of share capital *(Note 21)*	—	1,200	—	—	1,200
Additional capital contribution made by the then shareholders of a subsidiary	—	—	23	—	23
Total transactions with owners	—	1,200	23	—	1,223
At 31 December 2016	—	1,200	650	3,529	5,379

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
OPERATING ACTIVITIES			
Profit before income tax	1,371	1,375	1,411
Adjustments for:			
Amortisation	98	188	252
Depreciation	17	24	64
Loss on disposal of property, plant and equipment	4	—	—
Cash flows from operations before movements in working capital	1,490	1,587	1,727
Inventories	(34)	(6)	(19)
Trade and other receivables	(820)	(401)	(781)
Due from a related company	—	(76)	76
Trade and other payables	(21)	155	62
Due to an ex-director of a subsidiary	(96)	(30)	—
Cash generated from operations	519	1,229	1,065
Income tax paid	(3)	(6)	(14)
Net cash from operating activities	516	1,223	1,051
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(21)	(140)	(19)
Additions to intangible assets	(121)	(342)	(306)
Decrease in pledged bank deposits	60	—	—
Net cash used in investing activities	(82)	(482)	(325)
FINANCING ACTIVITIES			
Issue of share capital	—	—	1,200
Additional capital contribution made by the then shareholders of a subsidiary	—	—	23
Repayment of bank borrowings	(4)	—	—
Dividends paid	—	(480)	—
Net cash (used in) from financing activities	(4)	(480)	1,223
Net increase in cash and cash equivalents	430	261	1,949
Cash and cash equivalents at the beginning of the reporting period	360	790	1,051
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	790	1,051	3,000

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND REORGANISATION

Nexion Technologies Limited (the "**Company**", together with its subsidiaries is hereinafter collectively referred to as the "**Group**") was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2016. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business is situated at Unit #08-03, HB Centre I, 12 Tannery Road, Singapore 347722.

The Company is an investment holding company. During the years ended 31 December 2014, 2015 and 2016 (the "**Relevant Periods**"), the Group is principally engaged in provision of cyber infrastructure solutions services and research and development, and provision of cyber security solutions services.

At the date of this report, the immediate holding company of the Company is Alpha Sense Investments Limited ("**Alpha Sense (BVI)**"), which is incorporated in the British Virgin Islands (the "**BVI**"). In the opinion of the management of the Company, the ultimate controlling party is Mr. Foo Moo Teng ("**Mr. Foo**" or the "**Ultimate Controlling Party**").

Pursuant to a group reorganisation (the "**Reorganisation**"), which was completed on 30 June 2016, as detailed in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" in the document of the Company dated [●] (the "**Document**") issued in connection with the initial [REDACTED] of shares of the Company (the "**Initial [REDACTED]**") on the Growth Enterprises Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company's subsidiaries, which are private limited liability companies, of which the Company has direct or indirect interests are as follows:

Name of subsidiary	Place and date of incorporation	Paid-up share capital	Attributable equity interest held by the Company	Principal activities and place of operation
Directly held by the Company				
Nexion Global Investments Limited ("**Nexion Global (BVI)**")	The BVI, 20 May 2016	United States dollars ("**US$**") 10,000	100%	Investment holding, Hong Kong
Indirectly held by the Company				
Nexion (Hong Kong) Limited ("**Nexion (Hong Kong)**") .	Hong Kong, 31 May 2016	Hong Kong dollars ("**HK$**") 100	100%	Inactive, Hong Kong
Netsis Technology (BVI) Limited ("**Netsis (BVI)**") . .	The BVI, 31 May 2016	US$1	100%	Investment holding, Hong Kong
Expert Team (BVI) Limited ("**Expert Team (BVI)**") . . .	The BVI, 31 May 2016	US$1	100%	Investment holding, Hong Kong
Global Expert Team (BVI) Limited ("**GET (BVI)**") . . .	The BVI, 31 May 2016	US$1	100%	Investment holding, Hong Kong
Netsis Technology (S) Pte. Ltd. ("**Netsis (Singapore)**") . .	Singapore, 11 March 2002	Singapore dollars ("**SG$**") 500,000	100%	Provision of cyber infrastructure solutions, Singapore
Expert Team Pte. Ltd. ("**Expert Team (Singapore)**")	Singapore, 15 August 2012	SG$300,000	100%	Provision of cyber security solutions, Singapore
Global Expert Team Sdn. Bhd. ("**GET (Malaysia)**") .	Malaysia, 17 February 2015	Malaysian Ringgit ("**RM**") 100,000	100%	Provision of cyber security solutions, Malaysia

1. GENERAL INFORMATION AND REORGANISATION (CONTINUED)

All entities comprising the Group have adopted 31 December as their financial period end date.

The financial statements, as prepared in accordance with respective local reporting standards, of the Company's subsidiaries that fall into the Relevant Periods have been audited as follows:

Company	Financial period	Auditors
Netsis (Singapore)	Year ended 31 December 2014 Years ended 31 December 2015 and 2016	Yong Fan Kiong & Co. Mazars LLP
Expert Team (Singapore)	Year ended 31 December 2014 Years ended 31 December 2015 and 2016	Yong Fan Kiong & Co. Mazars LLP
GET (Malaysia)	Period ended 31 December 2015 Year ended 31 December 2016	Mazars (AF: 1954) Mazars (AF: 1954)

The statutory audited financial statements of Nexion (Hong Kong) for the year ended 31 December 2016 have not been issued as they are not yet due for issuance as of the date of this report.

No statutory audited financial statements have been prepared by Nexion Global (BVI), Netsis (BVI), Expert Team (BVI) and GET (BVI) as there is no statutory requirement at their places of incorporation.

2. BASIS OF PRESENTATION

Immediately before and after the Reorganisation, the Company and its subsidiaries now comprising the Group were under common control of the Ultimate Controlling Party. The Group's business is mainly conducted through Netsis (Singapore), Expert Team (Singapore) and GET (Malaysia) while the Company and other entities within the Group have not been involved in any other significant operation prior to the Reorganisation except for the Reorganisation and certain fund raising activities. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group's business so that the Group is regarded as a continuing entity and, therefore, the Reorganisation is considered to be a restructuring of entities and businesses under common control.

Accordingly, for the purpose of this report, the financial information of the Group for the Relevant Periods (the "**Financial Information**") has been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Merger accounting for business combination involving entities under common control" in Note 3, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods or since their respective date of establishment or incorporation, where applicable.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the IASB. The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "GEM Listing Rules").

The IASB has issued a number of new/revised IFRSs during the Relevant Periods. For the purpose of the Financial Information, the Group has consistently adopted all these new/revised IFRSs that are relevant to its operations and are effective during the Relevant Periods.

A summary of the principal accounting policies adopted by the Group in preparing the Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Financial Information is historical cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of combinations

The Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recorded have been recognised directly in equity as part of the capital reserve. The Financial Information includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, if any. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	3 years
Furniture, fixtures and office equipment	3 years
Computer equipment	3 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over a period of 3 years. For intangible assets yet to be available for use, they are stated at cost less any accumulated impairment losses.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) *Loans and receivables*

Loans and receivables including trade and other receivables, amount due from a related company and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

(2) *Financial liabilities*

The Group's financial liabilities represent trade and other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts (if any).

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Revenue from cyber infrastructure solutions and cyber security solutions include hardware, software and/or service components. Generally, engagements of this nature are negotiated, priced and concluded as one integrated solution because the provision of consulting, installation and configuration forms an integral part of completing the engagement and therefore, such revenue is recognised upon the customers' acceptance of the integrated solution when the risks and rewards of the ownership transferred.

Maintenance and support service income is recognised on a straight-line basis over the life of the related agreement.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information are presented in US$ because the Group's transactions are mainly conducted in US$, which is the functional currency of the operating subsidiaries of the Group, and rounded to the nearest thousands unless otherwise indicated. The Company's functional currency is HK$.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

- on all other partial disposals, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets and the Company's investment in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. In addition, the Group tests its intangible assets that have indefinite useful lives and intangible assets that are yet to be available for use for impairment by estimating their recoverable amount on an annual basis and whenever there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of intangible assets not yet available for use is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate unless there is no future service or other conditions attached to the grants which would recognised in the profit or loss when they are approved by and the cash are received from the relevant authorities. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, any deferred tax arising from initial recognition of goodwill, or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Related parties

A related party is a person or entity that is related to the Group, that is defined as:

(a) A person or a close member of that person's family is related to the Group if that person:

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or of the holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

 (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Financial Information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key sources of estimation uncertainty

Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives of the Group's property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation and amortisation charges included in profit or loss.

Impairment of property, plant and equipment and intangible assets

The management determines whether the Group's property, plant and equipment and intangible assets are impaired when an indication of impairment exists or when annual impairment testing is required. This requires an estimation of the recoverable amount of the property, plant and equipment and intangible assets, which is equal to the higher of fair value less costs of disposal or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Impairment of trade and other receivables

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each debtor. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, allowance will be required.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impair the current income tax and deferred tax provision in the period in which such determination is made.

Future changes in IFRSs

At the date of approving the Financial Information, the IASB has issued the following new/revised IFRSs that are not yet effective for the Relevant Periods, which the Group has not early adopted.

Amendments to IAS 7	*Disclosure Initiative*(1)
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*(1)
Clarification to IFRS 12	*Disclosure of Interests in Other Entities*(1)
Amendments to IAS 40	*Transfers of Investment Property*(2)
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transaction*(2)
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contacts*(2)
IFRS 9	*Financial Instruments*(2)
IFRS 15 and Clarifications to IFRS 15	*Revenue from Contracts with Customers*(2)
IFRS Interpretation 22	*Foreign Currency Transactions and Advance Consideration*(2)
Annual Improvements to IAS 28	*Investments in Associates and Joint Ventures*(2)
Annual Improvements to IFRS 1	*First-time Adoption of International Financial Reporting Standards*(2)
IFRS 16	*Leases*(3)
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*(4)

(1) Effective for annual periods beginning on or after 1 January 2017
(2) Effective for annual periods beginning on or after 1 January 2018
(3) Effective for annual periods beginning on or after 1 January 2019
(4) The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been deferred/removed

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future changes in IFRSs (Continued)

Except for IFRS 9, IFRS 15 and Clarifications to IFRS 15 and IFRS 16 as set out below, the management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's financial information.

IFRS 9: Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of IFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, of which IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies at 31 December 2016, the management of the Group preliminarily anticipate that the application of IFRS 9 in the future may have an impact of the Group's financial assets. In particular, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

IFRS 15 and Clarifications to IFRS 15

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "**control**" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The management of the Group preliminarily considers that the performance obligations that may be identified under IFRS 15 are similar to the current identification of revenue components under the Group's existing revenue recognition policy developed under IAS 18 and therefore, the adoption of IFRS 15 in the future will have no significant impact on recognition of revenue. However, the application of IFRS 15 in future may result in more disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future changes in IFRSs (Continued)

IFRS 16 Leases

IFRS 16 significantly changes the lessee accounting by replacing the dual model under IAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that the leases of certain properties by the Group which are currently classified as operating leases under IAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with IFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under IAS 17. Apart from the effects as outlined above, it is not expected that IFRS 16 will have a material impact on the future financial position, financial performance and cash flows of the Group upon adoption.

As set out in Note 27, at 31 December 2016, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises amounted to approximately US$96,000. The management of the Company does not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's combined statements of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's combined statements of cash flows.

4. SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-makers. The executive directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Based on the products, solutions and services offered by the Group to the customers, the executive directors consider that the operating segments of the Group comprise (i) cyber infrastructure solutions and (ii) cyber security solutions.

The measure used for reporting segment results is "**Adjusted EBITDA**" (i.e. "adjusted earnings before interest, taxes, depreciation and amortisation"). To arrive at the Adjusted EBITDA, the Group's earnings before interest, taxes, depreciation and amortisation are further adjusted for items not specifically attributed to individual segments, such as expenses for the Initial [REDACTED], directors' and auditors' remuneration and other head office or corporate administrative costs.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the chief operating decision makers for review.

In addition, the Group's place of domicile is Singapore, where the central management and control is located.

The segment information provided to the executive directors for the reportable segments for the Relevant Periods is as follows:

	Cyber infrastructure solutions	Cyber security solutions	Total
	US$'000	*US$'000*	*US$'000*
Year ended 31 December 2014			
Revenue from external customers and reportable segment revenue	922	1,521	2,443
Reportable segment results (Adjusted EBITDA)	327	1,369	1,696
Depreciation and amortisation	2	113	115
Year ended 31 December 2015			
Revenue from external customers and reportable segment revenue	2,117	1,598	3,715
Reportable segment results (Adjusted EBITDA)	837	1,108	1,945
Depreciation and amortisation	4	208	212
Year ended 31 December 2016			
Revenue from external customers and reportable segment revenue	3,567	2,068	5,635
Reportable segment results (Adjusted EBITDA)	891	1,985	2,876
Depreciation and amortisation	39	277	316

4. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment results

	Year ended 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Reportable segment results (Adjusted EBITDA)	1,696	1,945	2,876
Interest income	—	—	3
Depreciation and amortisation	(115)	(212)	(316)
Unallocated expenses	(210)	(358)	(1,152)
Profit before income tax	1,371	1,375	1,411
Income tax expenses	(8)	(25)	(135)
Profit for the year	1,363	1,350	1,276

Information about geographical areas

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("**Specified Non-current Assets**"). The geographical location of revenue is based on the location of end users. The geographical location of the specified non-current assets is based on the physical location of the assets (in the case of property, plant and equipment, the location of operation to which they are located, in the case of intangible assets, the location of operations).

(a) *Revenue from external customers*

	Year ended 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Germany	50	—	—
Hong Kong	4	4	5
Indonesia	314	213	66
Laos	224	30	20
Malaysia	664	660	676
Myanmar	808	1,148	221
Philippines	—	86	1,830
Romania	—	—	2
Singapore	104	846	1,280
South Korea	275	—	176
Taiwan	—	198	578
Thailand	—	530	732
United States	—	—	3
Vietnam	—	—	46
	2,443	3,715	5,635

4. SEGMENT INFORMATION (CONTINUED)

Information about geographical areas (Continued)

(b) *Specified Non-current Assets*

	At 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Malaysia	—	64	144
Singapore	295	501	430
	295	565	574

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the Relevant Periods is as follows:

	Year ended 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Customer I	709	524	*Note*
Customer II	657	*Note*	—
Customer III	275	—	*Note*
Customer IV	—	434	*Note*
Customer V	—	—	1,815
Customer VI	—	*Note*	578

Note: The customer did not contribute over 10% of the total revenue of the Group for the relevant year.

5. REVENUE

	Year ended 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Cyber infrastructure solutions	879	2,007	3,199
Cyber security solutions	1,521	1,592	2,068
Maintenance and support service income	43	116	368
	2,443	3,715	5,635

6. OTHER INCOME

	Year ended 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
Interest income	—	—	3
Government grants	21	11	74
Exchange gain, net	1	—	6
Others	2	2	1
	24	13	84

7. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	Year ended 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
Staff costs and related expenses (including directors' remuneration):			
Salaries and other benefits	353	681	1,106
Contributions to defined contribution plans	26	59	91
	379	740	1,197
Less: Staff costs capitalised as "Intangible Assets"	(106)	(288)	(269)
	273	452	928
Auditors' remuneration	11	7	16
Amortisation of intangible assets	98	188	252
Depreciation of property, plant and equipment	17	24	64
Exchange loss (gain), net	(1)	11	(6)
Loss on disposal of property, plant and equipment	4	—	—
Operating lease payments on premises *(Note)*	31	31	57
Research and development expenses	87	78	102

Note: The operating lease payments capitalised as "Intangible Assets", amounted to nil, approximately US$15,000 and US$24,000 for the years ended 31 December 2014, 2015 and 2016, respectively.

8. DIRECTORS' EMOLUMENTS

The Company was incorporated in the Cayman Islands on 22 June 2016 and Mr. Foo and Mr. Edgardo Osillada Gonzales II ("**Mr. Gonzales**") were appointed as executive directors of the Company on 22 June 2016. Mr. Park Jee Ho, Ms. Lim Joo Seng and Mr. Chan Ming Kit were appointed as independent non-executive directors of the Company on [●].

Certain directors of the Company received remuneration from the entities now comprising the Group during the Relevant Periods for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Relevant Periods are set out below.

Year ended 31 December 2014

	Directors' fees	Salaries and allowances	Discretionary bonus	Contributions to defined contribution plans	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors					
Mr. Foo	—	50	—	8	58
Mr. Gonzales	—	62	5	—	67
	—	112	5	8	125

Year ended 31 December 2015

	Directors' fees	Salaries and allowances	Discretionary bonus	Contributions to defined contribution plans	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors					
Mr. Foo	—	74	10	14	98
Mr. Gonzales	—	57	18	—	75
	—	131	28	14	173

Year ended 31 December 2016

	Directors' fees	Salaries and allowances	Discretionary bonus	Contributions to defined contribution plans	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors					
Mr. Foo	—	96	158	16	270
Mr. Gonzales	—	60	31	—	91
	—	156	189	16	361

During the Relevant Periods, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals		
	Year ended 31 December		
	2014	2015	2016
Director	2	2	2
Non-director	3	3	3
	5	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
Salaries and allowances	87	155	175
Discretionary bonus	—	6	9
Contributions to defined contribution plans	10	13	18
	97	174	202

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Year ended 31 December		
	2014	2015	2016
Nil to HK$1,000,000	3	3	3

During the Relevant Periods, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

10. INCOME TAX EXPENSES

	Year ended 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
Current tax			
Singapore corporate income tax ("**Singapore CIT**")	8	10	70
Deferred tax	—	15	65
Total income tax expenses for the year	8	25	135

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the Relevant Periods. The group entities established in the Cayman Islands and the BVI are exempted from income tax.

Singapore CIT is calculated at 17% of the estimated assessable profits with corporate income tax ("**CIT**") rebate of 30%, capped at SG$30,000 for the year ended 31 December 2014 and 50%, capped at SG$20,000 and SG$25,000 for the years ended 31 December 2015 and 2016, respectively. Singapore incorporated companies can also enjoy 75% tax exemption on the first SG$10,000 of normal chargeable income and a further 50% tax exemption on the next SG$290,000 of normal chargeable income during the Relevant Periods.

10. INCOME TAX EXPENSES (CONTINUED)

In addition, the Singapore incorporated companies can enjoy tax deductions/allowances of 400% (comprising a 300% "enhanced allowance", subject to a cap, and a 100% "base allowance") on their capital expenditure incurred on qualifying research and development activities and acquisition of qualifying information technology equipment under the "Productivity and Innovation Credit" scheme launched by the Singapore government for each of the years ended 31 December 2014, 2015 and 2016.

Malaysia CIT is calculated at 25%, 25% and 24% of the estimated assessable profits for the years ended 31 December 2014, 2015 and 2016, respectively. GET (Malaysia) enjoys tax rate of 20% on the first RM500,000 and remaining balance of the estimated assessable profits at tax rate of 25% for the years ended 31 December 2014 and 2015 and 19% on the first RM500,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the year ended 31 December 2016.

GET (Malaysia) has obtained the pioneer status effective from November 2015. A pioneer status company is eligible for exemption from income tax on eligible activities and products for five years and subject to submitting a formal request to the Malaysia Investment Development Authority on or prior to 17 October 2020 and upon the Ministry of International Trade and Industry confirming that GET (Malaysia) has been complying with all the applicable conditions as imposed, the tax relief period shall be extended for a further five years after the initial 5-year tax relief period ends.

Reconciliation of income tax expenses

	Year ended 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Profit before income tax	1,371	1,375	1,411
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	233	234	312
Non-deductible expenses	18	37	110
Tax exempt revenue	(13)	(16)	(26)
Tax rebates	(3)	(3)	(14)
Tax incentives			
— Pioneer status	—	—	(162)
— Research and development expenditures and computer equipment	(228)	(255)	(104)
Others	1	28	19
Income tax expenses	8	25	135

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

12. DIVIDENDS

	Year ended 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Dividends declared and paid to the owners of the entities now comprising the Group	—	480	—

No dividends per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Computer equipment	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Reconciliation of carrying amount — Year ended 31 December 2014				
At 1 January 2014	1	1	30	32
Additions	—	—	21	21
Depreciation	(1)	—	(16)	(17)
Disposal	—	—	(4)	(4)
At 31 December 2014	—	1	31	32
Reconciliation of carrying amount — Year ended 31 December 2015				
At 1 January 2015	—	1	31	32
Additions	16	9	115	140
Depreciation	(2)	(1)	(21)	(24)
At 31 December 2015	14	9	125	148
Reconciliation of carrying amount — Year ended 31 December 2016				
At 1 January 2016	14	9	125	148
Additions	—	1	18	19
Depreciation	(5)	(3)	(56)	(64)
At 31 December 2016	9	7	87	103
At 31 December 2014				
Cost	4	7	131	142
Accumulated depreciation	(4)	(6)	(100)	(110)
Net book value	—	1	31	32
At 31 December 2015				
Cost	20	16	246	282
Accumulated depreciation	(6)	(7)	(121)	(134)
Net book value	14	9	125	148
At 31 December 2016				
Cost	20	15	259	294
Accumulated depreciation	(11)	(8)	(172)	(191)
Net book value	9	7	87	103

14. INTANGIBLE ASSETS

	Internally developed technologies
	US$'000
Reconciliation of carrying amount — Year ended 31 December 2014	
At 1 January 2014	240
Additions	121
Amortisation	(98)
At 31 December 2014	263
Reconciliation of carrying amount — Year ended 31 December 2015	
At 1 January 2015	263
Additions	342
Amortisation	(188)
At 31 December 2015	417
Reconciliation of carrying amount — Year ended 31 December 2016	
At 1 January 2016	417
Additions	306
Amortisation	(252)
At 31 December 2016	471
At 31 December 2014	
Cost	378
Accumulated amortisation	(115)
Net book value	263
At 31 December 2015	
Cost	720
Accumulated amortisation	(303)
Net book value	417
At 31 December 2016	
Cost	1,026
Accumulated amortisation	(555)
Net book value	471

Development costs represented costs incurred at the development phase of certain new technologies, which are capitalised and amortised (if applicable) in accordance with the accounting policies set out in Note 3.

The carrying amount of intangible assets yet to be available for use at 31 December 2014, 2015 and 2016 were nil, approximately US$77,000 and US$142,000, respectively.

The Group carried out annual impairment test for intangible assets yet to be available for use and intangible assets already in use where an indicator of impairment appears by comparing their recoverable amounts to their carrying amounts at the end of each reporting period.

The recoverable amount of intangible assets yet to be available for use was assessed on the basis of value in use. These assessments used pre-tax cash flow projections based on a three-year financial budget approved by the management. The estimated revenue and costs for each individual intangible asset yet to be available for use within the three-year period were based on management expectation. Projected cash flows are discounted at a suitable pre-tax discount rate to reflect the specific risks involved over the forecasted period.

At 31 December 2014, 2015 and 2016, the management is of the view that (i) there is no impairment indication for the intangible assets already in use and (ii) the intangible assets yet to be available for use were not impaired as their recoverable amounts exceed their carrying amounts.

15. INVENTORIES

	At 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
Computer hardwares for reselling	38	44	63

16. TRADE AND OTHER RECEIVABLES

		At 31 December		
		2014	2015	2016
	Note	*US$'000*	*US$'000*	*US$'000*
Trade receivables	*16(a)*	932	1,513	1,715
Other receivables				
Prepayments	*(i)*	250	57	643
Deposits and other receivables		25	38	31
		275	95	674
		1,207	1,608	2,389

(i) It included prepaid expenses for the Initial [REDACTED] of nil, nil and approximately US$559,000 at 31 December 2014, 2015 and 2016, respectively.

(a) The Group normally grants credit terms up to 30 days, from the date of issuance of invoices, to its customers and specific progress billing arrangement with the last instalment paid up to 6 months after delivery maybe agreed with individual customers as approved by the management on a case by case basis. The ageing analysis of trade receivables based on invoice date at the end of each reporting period is as follows:

	At 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
Within 30 days	409	987	1,227
31 to 60 days	40	433	460
61 to 90 days	18	5	13
Over 90 days	465	88	15
	932	1,513	1,715

At the end of each reporting period, the ageing analysis of the trade receivables by due date is as follows:

	At 31 December		
	2014	2015	2016
		US$'000	*US$'000*
Not yet due	609	1,137	1,607
Past due:			
With 30 days	40	283	80
31 to 60 days	18	5	13
61 to 90 days	76	—	—
Over 90 days	189	88	15
	323	376	108
	932	1,513	1,715

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's trade receivables which are past due at the end of each reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default. The Group does not hold any collateral over the trade receivables.

17. DUE FROM A RELATED COMPANY

The amount due from a related company is non-trade in nature, unsecured, interest-free and repayable on demand. No provision has been made for the non-repayment of the amount due.

		At 31 December			Greatest outstanding amount Year ended 31 December		
		2014	**2015**	**2016**	**2014**	**2015**	**2016**
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Name of related company	**Nature of related-entity connection**						
Global Expert Team Holdings Sdn. Bhd.	Common shareholder and director	—	76	—	—	76	76

18. TRADE AND OTHER PAYABLES

		At 31 December		
		2014	**2015**	**2016**
	Note	*US$'000*	*US$'000*	*US$'000*
Trade payables	*18(a)*	68	125	265
Other payables				
Accruals and other payables		80	86	48
Receipt in advance		129	221	181
		209	307	229
		277	432	494

(a) Trade payables

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Within 30 days	68	110	261
31 to 60 days	—	—	—
61 to 90 days	—	11	1
Over 90 days	—	4	3
	68	125	265

19. DUE TO AN EX-DIRECTOR OF A SUBSIDIARY

The amount due to an ex-director of a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

20. DEFERRED TAX

The movement in the Group's deferred tax liabilities for the Relevant Periods was as follows:

	At 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
At the beginning of the reporting period	2	2	17
Charge to profit or loss	—	15	65
At the end of the reporting period	2	17	82

Recognised deferred tax assets and liabilities at the end of each reporting period represent the following:

	Assets			Liabilities		
	2014	2015	2016	2014	2015	2016
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Depreciation allowance	—	—	—	(2)	(17)	(16)
Intangible assets	—	—	—	—	—	(92)
Tax losses	—	—	26	—	—	—
	—	—	26	(2)	(17)	(108)
Offsetting	—	—	(26)	—	—	26
Net deferred tax liabilities	—	—	—	(2)	(17)	(82)

The unused tax losses have no expiry date under current tax legislation.

21. SHARE CAPITAL

	Note	Number of shares	*HK$*	*Equivalent to US$*
Ordinary share of HK$0.01 each				
Authorised				
On 22 June 2016 (date of incorporation) and 31 December 2016		38,000,000	380,000	48,718
Issued and fully paid:				
At incorporation	*(i)*	1	0.01	—
Issuance of shares on 28 June 2016	*(ii)*	4,999	49.99	6.41
Issuance of shares on 30 June 2016	*(iii)*	80,000	800.00	102.56
Issuance of shares on 30 June 2016	*(iv)*	15,000	150.00	19.23
At 31 December 2016		100,000	1,000.00	128.20

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each.

Notes:

(i) Upon incorporation, one share was allotted and issued to the initial subscriber at par value which was subsequently transferred to Alpha Sense (BVI) on the same day.

(ii) On 28 June 2016, the Company issued and allotted 4,999 new shares at par value with a total consideration of HK$49.99. Among the 4,999 new shares, 3,564 shares were issued and allotted to Alpha Sense (BVI), 551 shares were issued and allotted to Cyber Pioneer Investments Limited ("**Cyber Pioneer (BVI)**") and 884 shares were issued and allotted to Future Way Investments Limited ("**Future Way (BVI)**").

21. SHARE CAPITAL (CONTINUED)

(iii) On 30 June 2016, the Company issued and allotted 80,000 new shares at total consideration of approximately US$5.4 million under a share swap agreement in exchange of 10,000 shares of Nexion Global (BVI). Among the 80,000 new shares, 57,032 shares were issued and allotted to Alpha Sense (BVI), 8,816 shares were issued and allotted to Cyber Pioneer (BVI) and 14,152 shares were issued and allotted to Future Way (BVI). Due to the fact that the share swap is only a step of the Reorganisation, the shares of the Company as issued were recorded at par value.

(iv) On 30 June 2016, the Company issued and allotted 15,000 new shares at HK$624 per share to Vantage Network Global Limited at a total consideration of HK$9,360,000 (equivalent to approximately US$1,200,000).

Pursuant to the Reorganisation completed on 30 June 2016, the Company became the holding company of the entities now comprising the Group. Further details of the changes in authorised and issued capital of the Company since its incorporation are set out in the paragraph headed "**Reorganisation**" of the section headed "**History, Reorganisation and Corporate Structure**" of the Document.

22. FINANCIAL INFORMATION OF THE COMPANY

(a) Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued capital of Nexion Global (BVI).

(b) Due from a subsidiary

The amount due is unsecured, interest-free and repayable on demand.

(c) Movements of the reserves

The movements of reserves from 22 June 2016 (date of incorporation) to 31 December 2016 are set out below:

	Note	Share premium	Capital reserve	Total
		US$'000 *(Note 23)*	*US$'000* *(Note 23)*	*US$'000*
At 22 June 2016 (date of incorporation)		—	—	—
Transactions with owners				
Contributions and distributions				
Share premium arising from issue of share capital	*21(iv)*	1,200	—	1,200
Capital reserve arising from issue of share capital under a share swap agreement	*21(iii)*	—	3,922	3,922
Total transactions with owners		1,200	3,922	5,122
At 31 December 2016		1,200	3,922	5,122

Certain corporate administrative costs of the Company and expenses for the Initial [REDACTED] were borne by the subsidiaries of the Company without recharge.

23. RESERVES

Share premium

It represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

Capital reserve

For the combined statements of financial position of the Group, it represents the aggregate amount of the issued and paid-up share capital of the entities now comprising the Group before completion of the Reorganisation less consideration paid to acquire the relevant interests (if any) upon completion of the Reorganisation.

For the statement of financial position of the Company, it represents the combined net assets value of Nexion Global (BVI) and its subsidiaries upon the execution of share swap, which was acquired by the Company by way of allotment of the Company's share through share swap, less the nominal value of the Company's share issued.

24. RELATED/CONNECTED PARTIES TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Financial Information, during the Relevant Periods, the Group had the following transactions with related/connected parties:

(a) Revenue earned

		Year ended 31 December		
Relationship	**Nature of transaction**	**2014**	**2015**	**2016**
		HK$'000	*US$'000*	*US$'000*
A connected party	Provision of cyber security solutions and maintenance and support service	194	5	—

A key management personnel of the Group, minority shareholder of the Company and a director of the Company's subsidiary, Mr. Chan Kok Liang Frankie, had 49% shareholding interest in the connected party prior to May 2015. The connected party acts as a channel partner of the Group and the products and services are ultimately provided to an independent third party. In the opinion of the management, the transactions are conducted under normal commercial terms that are fair and reasonable and in the best interests of the Group.

(b) Remuneration for key management personnel (including directors) of the Group

	Year ended 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Salaries and allowances	162	292	515
Contributions to defined contribution retirement schemes	10	29	36
	172	321	551

Further details of the directors' remuneration are set out in Note 8.

(c) Personal guarantee issued

The Ultimate Controlling Party has provided an unlimited personal guarantee in respect of the bank loan obtained by Netsis (Singapore) from a bank in Singapore with utilised amount of US$4,000 at 31 December 2013. The bank loan was fully repaid in January 2014.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise amounts due from related parties and bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables/payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are credit risk, currency risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the management generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, amount due from related company and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	At 31 December		
	2014	2015	2016
	US$'000	*US$'000*	*US$'000*
Trade and other receivables	957	1,551	1,746
Due from a related company	—	76	—
Bank balances and cash	790	1,051	3,000
	1,747	2,678	4,746

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant.

The management considers the credit risk in respect of bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

In order to minimise the credit risk, the management of the Group closely monitors the credit limits granted to individual customers and implements appropriate monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debtors at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

At 31 December 2014, 2015 and 2016, the Group had a concentration of credit risk as approximately 33%, 23% and 42%, respectively, of the total trade receivables was due from the Group's largest trade debtor and approximately 94%, 77% and 86%, respectively, of the total trade receivables was due from the Group's five largest trade debtors.

Foreign currency risk

During the Relevant Periods, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currency of the operating subsidiaries of the Group, i.e. US$.

At 31 December 2014, 2015 and 2016, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The remaining undiscounted contractual maturity profile of the Group's non-derivative financial liabilities, which are all interest-free, at the end of each reporting period, based on the earliest date on which the Group is required to settle, is within one year or repayable on demand.

Fair value

The carrying amount of the financial assets and liability carried at amortised cost in the Financial Information approximate their fair values due to the relative short-term maturity of these financial instruments.

26. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividends to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Relevant Periods.

27. OPERATING LEASE COMMITMENTS

The Group leases a number of properties under operating leases, which typically run for an initial period of 1 to 2 years. None of the leases includes contingent rentals.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	At 31 December		
	2014	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*
Within one year	28	83	81
In the second to fifth years inclusive	90	126	15
	118	209	96

28. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2016, the Group has the following subsequent events:

(i) Pursuant to the resolution of the shareholders passed on [●], inter- alia, the authorised share capital of the Company was increased from HK$380,000 to HK$[REDACTED] by the creation of an additional 5,962,000,000 shares of HK$0.01 each and the [REDACTED] (as defined below) was conditionally approved.

(ii) Pursuant to the resolutions in writing of the Company's shareholders passed on [●], subject to the share premium account of the Company being credited as a result of the [REDACTED] of the Company's shares, the directors of the Company were authorised to allot and issue a total of [REDACTED] shares of HK$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$[REDACTED] standing to be credit of the share premium account of the Company ("**the [REDACTED]**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the [REDACTED]).

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with IFRSs and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2016.

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