NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 8420

INTERIM REPORT

2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Nexion Technologies Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the "Group"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.

RESULTS

The board of directors (the "Board") of Nexion Technologies Limited hereby announces the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019, together with the comparative unaudited figures of the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
		2019	2018	**2019**	2018
	Notes	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue	*4*	**717**	2,309	**992**	4,754
Other income	*5*	**29**	14	**92**	51
Cost of inventories sold		**(117)**	(746)	**(283)**	(2,409)
Staff costs and related expenses		**(158)**	(448)	**(318)**	(820)
Depreciation and amortisation		**(244)**	(171)	**(435)**	(312)
Other operating expenses		**(591)**	(312)	**(916)**	(645)
Equity-settled share-based payment expenses	*10*	**—**	(132)	**—**	(448)
(Loss)/Profit before income tax	*6*	**(364)**	514	**(868)**	171
Income tax expenses	*7*	**—**	(317)	**—**	(371)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2019

		(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
		2019	2018	**2019**	2018
	Notes	***US$'000***	*US$'000*	***US$'000***	*US$'000*
(Loss)/Profit for the period attributable to owners of the Company		**(364)**	197	**(868)**	(200)
Other comprehensive loss					
Item that will not be reclassified to profit or loss:					
Change in fair value of financial assets at designated fair value through other comprehensive income ("Designated FVOCI")	*14*	**(38)**	—	**(81)**	—
Item that may be subsequently reclassified to profit or loss:					
Exchange difference arising on translation of foreign operations		**(22)**	(63)	**7**	(188)
Other comprehensive loss for the period		**(60)**	(63)	**(74)**	(188)
Total comprehensive (loss)/income for the period attributable to owners of the Company		**(424)**	134	**(942)**	(388)
(Loss)/Earnings per share, basic and diluted (US cents)	*8*	**(0.06)**	0.03	**(0.14)**	(0.03)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	(Unaudited) 30 June 2019 US$'000	(Audited) 31 December 2018 US$'000
Non-current assets			
Property, plant and equipment	11	**1,939**	1,027
Investment properties	12	**2,336**	2,313
Intangible assets	13	**612**	614
Financial assets at Designated FVOCI	14	**17**	98
		4,904	4,052
Current assets			
Inventories		**109**	109
Trade and other receivables	15	**5,785**	5,962
Bank balances and cash		**5,760**	7,818
		11,654	13,889
Current liabilities			
Trade and other payables	16	**1,025**	1,153
Income tax payables		**431**	744
		1,456	1,897
Net current assets		**10,198**	11,992
Total assets less current liabilities		**15,102**	16,044
Non-current liabilities			
Deferred tax liabilities		**150**	150
NET ASSETS		**14,952**	15,894
Capital and reserves			
Share capital	17	**769**	769
Reserves		**14,183**	15,125
TOTAL EQUITY		**14,952**	15,894

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

		Reserves							
	Share capital *US$'000* *(Note 17)*	**Share premium** *US$'000*	**Capital reserve** *US$'000*	**Statutory reserve** *US$'000*	**Fair value reserve** *US$'000* *(Note 14)*	**Exchange reserve** *US$'000*	**Share option reserve** *US$'000* *(Note 10)*	**Accumulated profits** *US$'000*	**Total** *US$'000*
At 1 January 2018 (Audited)	769	8,730	650	121	–	14	–	4,588	14,872
Loss for the period	–	–	–	–	–	–	–	(200)	(200)
Other comprehensive loss:									
Item that may be subsequently reclassified to profit or loss									
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(188)	–	–	(188)
Total comprehensive loss for the period	–	–	–	–	–	(188)	–	(200)	(388)
Transactions with owners:									
Contributions and distributions									
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	–	448	–	448
Total transactions with owners	–	–	–	–	–	–	448	–	448
At 30 June 2018 (Unaudited)	769	8,730	650	121	–	(174)	448	4,388	14,932
At 1 January 2019 (Audited)	**769**	**8,730**	**650**	**121**	**(615)**	**(72)**	**–**	**6,311**	**15,894**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(868)**	**(868)**
Other comprehensive loss:									
Item that will not be reclassified to profit or loss									
Change in fair value of financial assets at Designated FVOCI	**–**	**–**	**–**	**–**	**(81)**	**–**	**–**	**–**	**(81)**
Item that may be subsequently reclassified to profit or loss									
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**7**	**–**	**–**	**7**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**(81)**	**7**	**–**	**(868)**	**(942)**
At 30 June 2019 (Unaudited)	**769**	**8,730**	**650**	**121**	**(696)**	**(65)**	**–**	**5,443**	**14,952**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	(Unaudited) Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
Cash (used in)/generated from operations	**(397)**	4,020
Income tax paid	**(313)**	(588)
Net cash (used in)/generated from operating activities	**(710)**	3,432
INVESTING ACTIVITIES		
Interest received	**6**	1
Acquisition of property, plant and equipment	**(1,214)**	(552)
Additions of investment properties	**—**	(2,409)
Deposits paid for acquisition of investment properties	**—**	(28)
Additions to intangible assets	**(131)**	(228)
Purchase of financial assets at fair value through profit or loss	**—**	(738)
Net cash inflow on disposal of subsidiaries	**—**	152
Proceeds from disposal of financial assets at fair value through profit or loss	**—**	25
Net cash used in investing activities	**(1,339)**	(3,777)
Net decrease in cash and cash equivalents	**(2,049)**	(345)
Effect of foreign exchange rate change, net	**(9)**	(79)
Cash and cash equivalents at the beginning of the reporting period	**7,818**	9,492
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	**5,760**	9,068

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2016, and its shares were listed on GEM of the Stock Exchange. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is situated at Unit #08–03, HB Centre I, 12 Tannery Road, Singapore 347722.

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of cyber infrastructure solutions services, and provision of cyber security solutions services.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 (the "Interim Consolidated Financial Statements") are prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The preparation of the Interim Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Consolidated Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2018, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the 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 and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the "2018 Consolidated Financial Statements").

The Interim Consolidated Financial Statements have been prepared on the historical costs basis, except for investment properties and financial assets at Designated FVOCI, which are measured at fair value.

The accounting policies and methods of computation applied in the preparation of the Interim Consolidated Financial Statements are consistent with those applied in the preparation of the 2018 Consolidated Financial Statements.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

ADOPTION OF NEW/REVISED IFRSs

The adoption of the new/revised IFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current period and prior period.

At the date of authorisation of the Interim Consolidated Financial Statements, the Group has not early adopted the new/revised IFRSs that have been issued but are not yet effective. Except for the impact of IFRS 16 as set out in the 2018 Consolidated Financial Statements, the Directors do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's Interim Consolidated Financial Statements.

3. 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, including maintenance and support service income; 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 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.

3. SEGMENT INFORMATION (Continued)

The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2019 and 2018 is as follows:

	Cyber infrastructure solutions *US$'000*	Cyber security solutions *US$'000*	Total *US$'000*
Six months ended 30 June 2019 (Unaudited)			
Revenue from external customers and reportable segment revenue	**537**	**455**	**992**
Reportable segment results (Adjusted EBITDA)	**123**	**187**	**310**
Depreciation and amortisation *(Note)*	**290**	**144**	**434**
Six months ended 30 June 2018 (Unaudited)			
Revenue from external customers and reportable segment revenue	3,827	927	4,754
Reportable segment results (Adjusted EBITDA)	786	850	1,636
Depreciation and amortisation *(Note)*	163	148	311

3. SEGMENT INFORMATION (Continued)

RECONCILIATION OF REPORTABLE SEGMENT RESULTS

	(Unaudited) For the six months ended 30 June 2019 US$'000	2018 US$'000
Reportable segment results (Adjusted EBITDA)	**310**	1,636
Interest income	**18**	1
Depreciation and amortisation	**(435)**	(312)
Unallocated expenses	**(761)**	(1,154)
(Loss)/Profit before income tax	**(868)**	171
Income tax expenses	**—**	(371)
Loss for the period	**(868)**	(200)

Note: Depreciation not included in the measurement of reportable segment results (Adjusted EBITDA) amounted to approximately US$1,000 *(Six months ended 30 June 2018: approximately US$1,000)* during the six months ended 30 June 2019.

3. SEGMENT INFORMATION (Continued)

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, investment properties 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 or investment properties, the location of operation to which they are located; in the case of intangible assets, the location of operations).

(a) Revenue from external customers

	(Unaudited) For the six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
Hong Kong	**181**	7
Indonesia	**—**	75
Laos	**—**	4
Malaysia	**277**	318
Myanmar	**213**	3,008
People's Republic of China (the "PRC")	**—**	572
Philippines	**78**	109
Singapore	**229**	126
South Korea	**14**	—
Taiwan	**—**	40
Thailand	**—**	494
Vietnam	**—**	1
	992	4,754

3. SEGMENT INFORMATION (Continued)

INFORMATION ABOUT GEOGRAPHICAL AREAS (Continued)

(b) Specified Non-current Assets

	(Unaudited) 30 June 2019 *US$'000*	(Audited) 31 December 2018 *US$'000*
Hong Kong	**33**	2
Singapore	**4,828**	3,920
The PRC	**26**	32
	4,887	3,954

4. REVENUE

	(Unaudited) For the three months ended 30 June		**(Unaudited) For the six months ended 30 June**	
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
Cyber infrastructure solutions	**162**	1,360	**336**	3,662
Cyber security solutions	**448**	852	**455**	927
Maintenance and support service income	**107**	97	**201**	165
	717	2,309	**992**	4,754

5. OTHER INCOME

	(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
Exchange gain, net	**8**	—	**19**	16
Interest income	**13**	—	**18**	1
Government grants	**—**	1	**39**	8
Rental income	**8**	10	**16**	24
Others	**—**	3	**—**	2
	29	14	**92**	51

6. (LOSS)/PROFIT BEFORE INCOME TAX

This is stated after charging/(crediting):

	(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
Amortisation of intangible assets	**65**	77	**133**	142
Depreciation of property, plant and equipment	**179**	94	**302**	170
Exchange (gain)/loss, net	**(8)**	122	**(19)**	(16)
Loss on disposal of subsidiaries	**—**	—	**—**	19
Fair value (gain)/loss on financial asset at fair value through profit or loss, net	**—**	(23)	**—**	104
Rental income from investment properties	**(8)**	(10)	**(16)**	(24)

7. INCOME TAX EXPENSES

	(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
Current tax				
Singapore corporate income tax				
Current period	—	100	—	154
Deferred tax	—	217	—	217
Total income tax expenses for the period	—	317	—	371

The group entities established in the Cayman Islands and the British Virgin Islands (the "BVI") are exempted from income tax. 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 six months ended 30 June 2019 and 2018.

Hong Kong profits tax is calculated at 16.5% *(Six months ended 30 June 2018: 16.5%)* of the estimated assessable profits arising in or derived from Hong Kong. The Group's subsidiary established in the PRC is subject to enterprise income tax of the PRC at 25% *(Six months ended 30 June 2018: 25%)* of the estimated assessable profits for the six months ended 30 June 2019 based on the existing legislation, interpretations and practices in respect thereof.

Singapore corporate income tax is calculated at 17% *(Six months ended 30 June 2018: 17%)* of the estimated assessable profits without corporate income tax rebate *(Six months ended 30 June 2018: 20% capped at Singapore Dollars ("SG$") 10,000)*. 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$190,000 of normal chargeable income during the six months ended 30 June 2019 *(Six months ended 30 June 2018: 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)*.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following information:

	(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
(Loss)/Profit for the period attributable to the owners of the Company, used in basic and diluted (loss)/earnings per share calculation	**(364)**	197	**(868)**	(200)
	Number of shares ('000)			
Weighted average number of ordinary shares for basic and diluted (loss)/earnings per share calculation	**600,000**	600,000	**600,000**	600,000
	US cents	*US cents*	***US cents***	*US cents*
Basic and diluted (loss)/earnings per share	**(0.06)**	0.03	**(0.14)**	(0.03)

Diluted loss per share is same as the basis loss per share as the effect of potential ordinary shares are anti-dilutive during the six months ended 30 June 2019.

Diluted earnings/(loss) per share is same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2018.

9. DIVIDENDS

The Directors did not recommend a payment of an interim dividend for the six months ended 30 June 2019 *(Six months ended 30 June 2018: Nil)*.

10. SHARE OPTION SCHEME

On 3 January 2018 (the "Date of Grant"), the Company offered to grant a total of 28,800,000 share options at an exercise price of Hong Kong dollar ("HK$") 0.61 per share of the Company to certain eligible participants (the "Grantees") pursuant to the share option scheme of the Company adopted by way of shareholders' written resolution passed on 31 May 2017 (the "Scheme"). The Grantees are entitled, subject to the terms and conditions of the grant and upon exercise, to subscribe a total of 28,800,000 ordinary shares in the share capital of the Company. Details are set out in the Company's announcement dated 3 January 2018 and the 2018 Consolidated Financial Statements.

The validity period of the share options is ten years from 3 January 2018, subject to various vesting conditions range from vesting immediately to vesting by two years.

The fair values of share options granted on 3 January 2018 ranges from approximately HK$0.21 to approximately HK$0.25 per option, which are calculated using a Binominal Option Pricing Model by an independent valuer, Asset Appraisal Limited, with the following key inputs:

Share price at the Date of Grant	HK$0.6
Exercise price	HK$0.61
Expected volatility	48.16%
Risk-free interest rate	1.75%
Expected dividends	Nil
Voluntary exercise boundary multiple	N/A

During the six months ended 30 June 2018, with reference to the fair value of the share options granted, the Group recognised approximately HK$3,485,000 (equivalent to approximately US$448,000) as the equity-settled share-based payments expenses.

During the year ended 31 December 2018, the share options granted were all forfeited upon resignation of the Grantees as staff of the Group (the "Resignation"). None of the share options was exercised and all the Grantees were no longer eligible to the share option scheme upon the Resignation. There was no outstanding share options at 30 June 2019.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group incurred expenditures on additions to property, plant and equipment with total cost of approximately US$1,214,000 *(Six months ended 30 June 2018: approximately US$667,000).* No disposal of property, plant and equipment was incurred during the period *(Six months ended 30 June 2018: approximately US$6,000).*

12. INVESTMENT PROPERTIES

	(Unaudited) 30 June 2019 US$'000	(Audited) 31 December 2018 US$'000
At 1 January	**2,313**	—
Addition	**—**	2,313
Exchange alignment	**23**	—
At 30 June 2019/31 December 2018	**2,336**	2,313

The Group's investment properties are situated in Singapore. The Directors have determined that the investment properties are a commercial asset, based on the nature, characteristics and risks of the properties. As at 30 June 2019, the management of the Group estimated the fair value of the investment properties by reference to the recent market transactions and considered that the fair value is approximately close to its carrying amount.

13. INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group spent approximately US$131,000 *(Six months ended 30 June 2018: approximately US$228,000)* on additions to the intangible assets.

The carrying amount of intangible assets yet to be available for use at 30 June 2019 were approximately US$117,000 *(31 December 2018: approximately US$226,000)*.

14. FINANCIAL ASSETS AT DESIGNATED FVOCI

During the year ended 31 December 2018, the Group acquired certain equity securities listed in Hong Kong and the Group irrevocably designated those investments in equity securities as financial assets at Designated FVOCI because these equity securities represent investments that the Group intends to hold for long term strategic purposes.

At 30 June 2019 and 31 December 2018, the fair value of financial assets at Designated FVOCI is determined on the basis of quoted market price.

No investments in financial assets at Designated FVOCI have been disposed of during the six months ended 30 June 2019 and the year ended 31 December 2018. There were no transfers of any cumulative gain or loss arising from financial assets at Designated FVOCI within equity during the six months ended 30 June 2019 and the year ended 31 December 2018.

15. TRADE AND OTHER RECEIVABLES

	Notes	(Unaudited) 30 June 2019 US$'000	(Audited) 31 December 2018 US$'000
Trade receivables from third parties	*(a)*	**2,156**	3,136
Other receivables			
Prepayments		**1,498**	1,112
Deposits and other receivables		**106**	35
Deposits on investments	*(b)*	**1,512**	1,166
Loan to a third party	*(c)*	**513**	513
	(d)	**3,629**	2,826
		5,785	5,962

(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 may be 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:

	(Unaudited) 30 June 2019 US$'000	(Audited) 31 December 2018 US$'000
Within 30 days	**443**	1,796
31 to 60 days	**223**	245
61 to 90 days	**112**	46
Over 90 days	**1,378**	1,049
	2,156	3,136

15. TRADE AND OTHER RECEIVABLES (Continued)

(a) (Continued)

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

	(Unaudited) 30 June 2019 ***US$'000***	(Audited) 31 December 2018 *US$'000*
Not yet due	**307**	1,884
Past due:		
With 30 days	**359**	255
31 to 60 days	**11**	46
61 to 90 days	**1,200**	16
Over 90 days	**279**	935
	1,849	1,252
	2,156	3,136

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating expected credit losses ("ECL") for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and specifically estimated the ECL for each debtor by reference to its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. No loss allowance was recognised at 30 June 2019. There was no change in the estimation techniques or significant assumptions made during the six months ended 30 June 2019.

The Group does not hold any collateral over the trade receivables at 30 June 2019 *(31 December 2018: Nil).*

15. TRADE AND OTHER RECEIVABLES (Continued)

(b) The amounts represented the refundable deposits paid to independent third parties on potential investments in joint ventures in the PRC and Southeast Asia Region at amount of HK$9,100,000 in total (equivalent to approximately US$1,166,000) and potential investments in subsidiaries in Hong Kong at amount of HK$2,700,000 (equivalent to approximately US$346,000) *(31 December 2018: potential investments in joint ventures in the PRC and Southeast Asia Region at amount of HK$9,100,000 in total (equivalent to approximately US$1,166,000)).*

The Group is yet to enter into any formal agreements for the potential investments.

(c) At the end of the reporting periods, loan to a third party is unsecured, carries fixed interest rates at 4% per annum, and is repayable within one year. The loan to a third party is not yet past due as at 30 June 2019 and 31 December 2018.

(d) The Group considers that the other receivables, including deposits and other receivables, deposits on investments and loan to a third party, have low credit risk based on the borrower's strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. No impairment on the other receivables is recognised based on the measurement on 12-month ECL.

In estimating the ECL, the Group has taken into account the financial position of the counterparties by reference to, among others, its management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of the financial asset, as well as the loss upon default. The management of the Group considers the ECL of the other receivables to be insignificant after taking into account the financial position and credit quality of the counterparties.

16. TRADE AND OTHER PAYABLES

	Notes	(Unaudited) 30 June 2019 US$'000	(Audited) 31 December 2018 US$'000
Trade payables to third parties	*(a)*	**330**	243
Other payables			
Accruals and other payables		**51**	216
Receipt in advance	*(b)*	**644**	694
		695	910
		1,025	1,153

(a) The trade payables are non-interest bearing and the Group is normally granted with a credit term up to 30 days. At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	(Unaudited) 30 June 2019 US$'000	(Audited) 31 December 2018 US$'000
Within 30 days	**85**	188
31 to 60 days	**143**	7
61 to 90 days	**46**	6
Over 90 days	**56**	42
	330	243

16. TRADE AND OTHER PAYABLES (Continued)

(b) The movements (excluding those arising from increases and decreases both occurred within the same periods) of receipt in advance from contracts with customer within IFRS 15 during the six months ended 30 June 2019 and year ended 31 December 2018 are as follows:

	(Unaudited) 30 June 2019 *US$'000*	(Audited) 31 December 2018 *US$'000*
At the beginning of the reporting period	**694**	521
Recognised as revenue	**(168)**	(929)
Receipt of advances or recognition of receivables	**118**	1,102
At the end of reporting period	**644**	694

17. SHARE CAPITAL

	Number of shares	*HK$*	**Equivalent to** *US$*
Ordinary share of HK$0.01 each			
Authorised:			
At 31 December 2018 and 30 June 2019	6,000,000,000	60,000,000	7,692,308
Issued and fully paid:			
At 31 December 2018 and 30 June 2019	600,000,000	6,000,000	769,231

18. OPERATING LEASE COMMITMENTS

AS A LESSOR

The Group leases out all its investment properties under operating leases with average lease terms of 1 to 2 years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	(Unaudited) **30 June** **2019** ***US$'000***	(Audited) 31 December 2018 *US$'000*
Within one year	**3**	17

AS A LESSEE

The Group leases a number of properties under operating leases, which typically run for an initial period of one year. 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:

	(Unaudited) **30 June** **2019** ***US$'000***	(Audited) 31 December 2018 *US$'000*
Within one year	**35**	29

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

The Group is a well-established information and communications technology ("ICT") solution provider headquartered in Singapore focusing on the provision of cyber infrastructure and cyber security solutions. Established in 2002, the Group started as a system integration service provider providing services to telecommunications service providers. Having gradually diversified its ICT services, the Group is now a regional provider of cyber infrastructure solutions in Southeast Asia. By working with various technology vendors, the Group acquired the experience and expertise to evolve to an ICT solution provider. Drawing upon its research and development ("R&D") capability, the Group successfully developed its technologies to provide cyber security solutions.

The emphasis on the Group's R&D capability gained significant achievement. In 2018, the Group successfully developed its own cyber infrastructure, known as Netsis Hybrid Converge Hub, which broadened the Group's source of revenue. During the six months ended 30 June 2019, more resources were invested by the Group for the development of Netsis Security Hub in Hong Kong (the "Security Hub") which was launched in May 2019, which further broadened the source of revenue of the Group.

The Group has continuously invested resources in professional and experienced engineers, R&D team's software and hardware, and its own cyber infrastructure. The Group will continue its focus on strengthening itself as an all-rounded ICT solution provider in Asia Pacific region by diversifying and reinventing R&D approach for the development of new products and the enhancement of existing products and services continuously for potential customers.

The reportable segment results (Adjusted EBITDA) in cyber infrastructure solutions segment decreased from profit of approximately US$786,000 for the six months ended 30 June 2018 to profit of approximately US$123,000 for the six months ended 30 June 2019. The decrease was mainly due to the completion of significant parts of substantial projects for two clients based in Myanmar during the six months ended 30 June 2018 whereas the scale of new projects completed during the current period were less significant.

Regarding the reportable segment results (Adjusted EBITDA) in cyber security solutions segment, the amount decreased from profit of approximately US$850,000 for the six months ended 30 June 2018 to profit of approximately US$187,000 for the six months ended 30 June 2019. The decrease was mainly due to the smaller scale of project completed during current period due to political restrictions and challenges in certain countries, where there was insufficient expertise of the Group to complete certain projects.

The Group is in the process of negotiating several new projects with customers mainly in Southeast Asia and aiming to generate additional revenue in the second half year of 2019. Besides, the Group is continuously looking for right expertise but at the same time would consider to acquire technology from technology vendors in order to fulfill customer's requirement.

As a result of trade tensions between the United States and the PRC, the Group's business development in the PRC was decelerated since the second half year of 2018. However, in the view of huge and fast growing in the market for ICT solution in the PRC, in order to enhance the core competence of cyber infrastructure solutions and cyber security solutions, to diversify the Group's business risks and to utilise the Group's internal resources and capabilities effectively, the Group will reallocate its internal resources and capabilities to the business in the PRC.

Currently, the Group is in the process of seeking potential business partners with abundant experience on business development in the PRC and capability on ICT technique to develop a comprehensive ICT solution service in the PRC.

Mr. Shan Baofeng ("Mr. Shan") has been appointed as the executive Director of the Company with effect from 31 July 2019. For details, please refer to the Company's announcement dated 31 July 2019. With Mr. Shan's extensive experience in the ICT solution sector and his professional and specialised management skill, the Group is optimistic about the prospects of the industry and is confident in the future development of the Group.

With the Group's strong R&D capabilities, well established and diversified customer base, and experienced and dedicated management team, the Group believes that the demand for the cyber infrastructure solutions and cyber security solutions will remain strong. In addition, it will give the Group an advantage in further establishment of a better reputation in the market, and a leading position in the cyber infrastructure and cyber security solutions industry.

COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the prospectus dated 6 June 2017 (the "Prospectus") with actual business progress for the six months ended 30 June 2019.

Business Objective	Planned progress for the six months ended 30 June 2019 as set out in the Prospectus	Actual business development for the six months ended 30 June 2019
Expanding product lines by developing new products, upgrading the Group's existing products and strengthening the Group's R&D team	To maintain the new hiring engineers in prior periods.	Neither new hiring nor resignation of engineers was existed in current period. The Group will continue the evaluation on necessity of new recruitment.
Expanding the Group's sales and marketing team and establishing regional offices	To maintain the new hiring of staff in newly established regional offices.	The Group will proceed with the employment process once the results of feasibility studies on the establishment of the regional office in Dubai, UAE and Frankfurt, Germany are satisfied with the management's expectation.
Developing Netsis Hybrid Converge Hub in Singapore to broaden the Group's source of revenue	To maintain and support the operation of the services.	The Group monitored and improved the services and products offered to the customers regularly during the six months ended 30 June 2019.

Business Objective	Planned progress for the six months ended 30 June 2019 as set out in the Prospectus	Actual business development for the six months ended 30 June 2019
	To promote and market the services through events and social media.	Regularly marketing promotion was carried out by the Group's marketing team regularly during the six months ended 30 June 2019.
Developing Netsis Security Hub in Hong Kong to broaden the Group's source of revenue	To maintain and support the operation of the services.	Netsis Security Hub was launched in May 2019. The Group monitored and improved the services offered to the customers regularly during the six months ended 30 June 2019.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the issue of new shares of the Company at the time of its listing (the "Listing") on GEM on 16 June 2017 (the "Listing Date") through the public offer of 150,000,000 shares of HK$0.01 each in the share capital of the Company at the price of HK$0.48 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK$51,995,000, which is equivalent to approximately US$6,666,000. Up to 30 June 2019, the net proceeds from the Listing had been applied as follows:

	Adjusted use of net proceeds		Actual use of net proceeds from the Listing Date and up to 30 June 2019	
	HK$'000	*US$'000*	*HK$'000*	*US$'000*
To acquire and renovate a new property as the Group's headquarter and R&D Centre	15,023	1,926	15,023	1,926
To develop new products, upgrade existing products and strengthen R&D team	5,585	716	2,356	302
To expand sales and marketing team	6,146	788	748	96
To develop Netsis Hybrid Converge Hub in Singapore	6,217	797	6,895	884
To develop Netsis Security Hub in Hong Kong	14,204	1,821	13,629	1,747
Working capital over the period	4,820	618	4,820	618
	51,995	6,666	43,471	5,573

As at the date of this report, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

FINANCIAL REVIEW

REVENUE

The major revenue streams of the Group were derived from both of the cyber infrastructure solutions and cyber security solutions. For the six months ended 30 June 2019, the Group recorded a total revenue of approximately US$992,000 *(Six months ended 30 June 2018: approximately US$4,754,000)*, in which the revenue generated from cyber infrastructure solutions business amounted to approximately US$537,000 *(Six months ended 30 June 2018: approximately US$3,827,000)* and the revenue generated from cyber security solutions business amounted to approximately US$455,000 *(Six months ended 30 June 2018: approximately US$927,000)*.

The reason for the decrease in the amount of revenue was mainly due to the completion of significant parts of substantial project for two clients based in Myanmar during the six months ended 30 June 2018 whereas the scale of new projects completed during the current period were less significant. On the other hand, due to political restrictions and challenges in certain countries, where there was insufficient expertise of the Group to complete projects of cyber security solutions business.

The Group holds key projects for the year of 2019 which are in the process of negotiation. Besides, the Group is continuously looking for right expertise but at the same time would consider to acquire technology from technology vendors in order to fulfill customer's requirement.

COST OF INVENTORIES SOLD

The Group's cost of inventories sold decreased from approximately US$2,409,000 for the six months ended 30 June 2018 to approximately US$283,000 for the six months ended 30 June 2019. The decrease was mainly due to decrease in the number of purchase of hardware components for the substantial projects on cyber infrastructure solutions of two clients based in Myanmar.

STAFF COSTS AND RELATED EXPENSES

For the six months ended 30 June 2019, the Group recorded staff costs and related expenses of approximately US$318,000 *(Six months ended 30 June 2018: approximately US$820,000)*. The decrease is mainly due to the decrease in the number of employees as a result of downsizing of operation in the PRC since the second half year of 2018.

OTHER OPERATING EXPENSES

The Group's other operating expenses comprise mainly of sales and marketing expenses and administrative expenses. The amount of other operating expenses increased from approximately US$645,000 for the six months ended 30 June 2018 to approximately US$916,000 for the six months ended 30 June 2019, which was mainly due to increase in maintenance fee for the Security Hub and increase in professional fee incurred.

LOSS FOR THE PERIOD

During the six months ended 30 June 2019, there was no significant change in the customer mix of the Group. The Group recorded an increase in loss for the period from approximately US$200,000 for the six months ended 30 June 2018 to approximately US$868,000 for the six months ended 30 June 2019. The increase was mainly due to the decrease in reportable segment results (Adjusted EBITDA), partially setoff by the decrease in equity-settled share-based payment expenses.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2019, the Group had current assets of approximately US$10,198,000 *(31 December 2018: approximately US$11,992,000)* including bank balances and cash of approximately US$5,760,000 *(31 December 2018: approximately US$7,818,000)* which are principally denominated in HK$, SG$, Renminbi and US$, and the Group did not have any bank borrowings and debts. Total assets were approximately US$16,558,000 *(31 December 2018: approximately US$17,941,000)* and total liabilities were approximately US$1,606,000 *(31 December 2018: approximately US$2,047,000)*. The gearing ratio is not available, since the Group had no bank borrowings and no debts as at 30 June 2019 and 31 December 2018.

SHARE CAPITAL

As at 30 June 2019 and 2018, the authorised share capital of the Company was HK$60,000,000 (equivalent to approximately US$7,692,000) divided into 6,000,000,000 shares of HK$0.01 each and the issued share capital of the Company was HK$6,000,000 (equivalent to approximately US$769,000) divided into 600,000,000 shares of HK$0.01 each.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets, liabilities and transactions are denominated in US$. For the Group's Hong Kong operation, as the exchange rate between HK$ and US$ is pegged, the Directors consider that the Group has no significant foreign exchange exposures.

The Group currently has no foreign currency hedging policy and the management monitors the foreign exchange exposure by closely monitoring the movement of foreign currency rates. Nevertheless, the Group will consider hedging significant foreign currency exposure by using derivative contracts should the need arise.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2019 and 31 December 2018.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

The Group has no significant investment, material acquisitions and disposal for the six months ended 30 June 2019.

CHARGE ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 30 June 2019 and 31 December 2018.

DIVIDEND

The Directors did not recommend a payment of an interim dividend for the six months ended 30 June 2019 *(Six months ended 30 June 2018: Nil)*.

EMPLOYEES INFORMATION

As at 30 June 2019, the Group had a total number of 22 employees *(30 June 2018: 37 employees)* (including executive Directors). Decrease in number of employees was mainly attributable to downsizing of operation in the PRC since the second half year of 2018.

During the period under review, the total staff costs amount to approximately US$318,000 *(Six months ended 30 June 2018: approximately US$820,000)*, representing a decrease of approximately US$502,000 over the prior period. The salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

COMMITMENTS

At 30 June 2019, the Group has operating lease commitments as lessor in respect of rentals receivable from its investment property, amounted to approximately US$3,000 *(31 December 2018: approximately US$17,000)*; and as lessee in respect of rentals payables for its office premises, amounted to approximately US$35,000 *(31 December 2018: approximately US$29,000)*.

The Group did not have any material capital commitment as at 30 June 2019 and 31 December 2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2019, the interests and short positions of the directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of Director and chief executive	Capacity/Nature	Number of shares held/ interested in	Percentage of issued share capital
Mr. Foo Moo Teng ("Mr. Foo") *(chairman, executive Director and chief executive officer) (Note)*	Interest in a controlled corporation	272,686,500	45.4%

Note: Alpha Sense Investments Limited ("Alpha Sense (BVI)") is an investment holding company incorporated in the BVI and is held as to 100% by Mr. Foo. By virtue of the SFO, Mr. Foo is deemed to be interested in the shares of the Company (the "Shares") held by Alpha Sense (BVI).

Save as disclosed above, as at 30 June 2019, none of the Directors nor chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, so far as known to any Directors, the following persons (other than the Directors and chief executives of the Company) had interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITION IN SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of Shareholders	Capacity/Nature	Number of shares or underlying shares held	Percentage of issued share capital
Alpha Sense (BVI)	Beneficial owner	272,686,500	45.4%

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code ("the Code") in Appendix 15 to the GEM Listing Rules sets out the principles of good corporate governance, code provisions and recommended best practices. Issuers are expected to comply with the code provisions or devise their own code on corporate governance on the terms they consider appropriate provided that considered reasons are given.

For the six months ended 30 June 2019, the Company had complied with the applicable code provisions of the Code with the exception of the deviation from code provision A.2.1 as explained below:

Code provision A.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and not performed by the same individual. Given that Mr. Foo has in-depth knowledge and experience in the IT industry and familiarity with the operations of the Group, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company and that it is in the best interest of the Group to have Mr. Foo taking up both roles. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required under code provision A.2.1 of the Code.

Except for the deviation from code provision A.2.1 of the Code, the Company's corporate governance practices had complied with the Code as set out in Appendix 15 to the GEM Listing Rules for the six months ended 30 June 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2019 and up to the date of this report, none of the controlling shareholders, Directors, substantial shareholders of the Company and their respective close associates (as defined in GEM Listing Rules) had any interest in any business that directly or indirectly competed or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares ("the Code of Conduct"). The Company also made specific enquiry with all Directors, and the Company was not aware of any non-compliance with the required standard as set out in the Code of Conduct during the six months ended 30 June 2019.

INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Southwest Securities (HK) Capital Limited as our compliance adviser, which provides advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 28 September 2016, neither our compliance advisor nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") has been adopted by way of shareholders' written resolution passed on 31 May 2017. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

During the six months ended 30 June 2019, no share option had been granted, cancelled, exercised or lapsed pursuant to the Scheme. There was no share option outstanding as at 30 June 2019.

AUDIT COMMITTEE

The Company has established an audit committee of the Company ("Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and the Corporate Governance Code in Appendix 15 to the GEM Listing Rules for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures. As at 30 June 2019, the Audit Committee comprised three independent non-executive Directors, namely Ms. Lim Joo Seng (Chairlady), Mr. Chan Ming Kit and Mr. Park Jee Ho.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the Audit Committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 9 August 2019

As at the date of this report, the Board comprises three executive Directors, namely Mr. Foo Moo Teng, Mr. Edgardo Osillada Gonzales II and Mr. Shan Baofeng; and three independent non-executive Directors, namely Mr. Chan Ming Kit, Ms. Lim Joo Seng and Mr. Park Jee Ho.

This report, 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 report 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 report misleading.