NEXION TECHNOLOGIES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8420)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors of Nexion Technologies Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2020. This announcement, containing the full text of the 2020 annual report of the Company ("**2020 Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of annual results. Printed version of the Company's 2020 Annual Report will be delivered to the shareholders of the Company and available for viewing on the websites of GEM at www.hkgem.com and of the Company at http://nexion.com.hk in due course.

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

Hong Kong, 24 March 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Foo Moo Teng (Chairman), Mr. Ong Gim Hai and Mr. Roy Ho Yew Kee; and three independent non-executive Directors, namely Ms. Lim Joo Seng, Mr. Tang Chak Lam Gilbert and Mr. Yeung Chun Yue David.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Listed Company Information" page and the website of the Company at http://nexion.com.hk for at least 7 days from the date of its publication.

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Annual Report 2020

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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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

Corporate Information

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1161, Tower 2
Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

Unit #10-03, Novelty BizCentre
18 Howard Road
Singapore 369585

COMPANY SECRETARY

Sir Seaman Kwok KR, *FCIS FCS*
(resigned on 21 December 2020)
Ms. Wong Po Lam, *CPA (HKICPA)*
(appointed on 21 December 2020)

AUTHORISED REPRESENTATIVES

Mr. Foo Moo Teng
Sir Seaman Kwok KR, *FCIS FCS*
(resigned on 21 December 2020)
Ms. Wong Po Lam, *CPA (HKICPA)*
(appointed on 21 December 2020)

COMPLIANCE OFFICER

Mr. Foo Moo Teng

BOARD OF DIRECTORS

Executive directors

Mr. Foo Moo Teng *(Chairman)*
Mr. Roy Ho Yew Kee
(appointed on 2 November 2020)
Mr. Ong Gim Hai
(appointed on 2 November 2020)
Mr. Edgardo Osillada Gonzales II
(resigned on 2 November 2020)
Mr. Shan Baofeng
(resigned on 2 November 2020)

Independent non-executive directors

Ms. Lim Joo Seng
Mr. Tang Chak Lam Gilbert
(appointed on 2 November 2020)
Mr. Yeung Chun Yue David
(appointed on 10 September 2020)
Mr. Chan Ming Kit
(resigned on 2 November 2020)
Mr. Park Jee Ho
(resigned on 10 September 2020)

AUDIT COMMITTEE

Ms. Lim Joo Seng *(Chairman)*
Mr. Tang Chak Lam Gilbert
(appointed on 2 November 2020)
Mr. Yeung Chun Yue David
(appointed on 10 September 2020)
Mr. Chan Ming Kit
(resigned on 2 November 2020)
Mr. Park Jee Ho
(resigned on 10 September 2020)

REMUNERATION COMMITTEE

Mr. Tang Chak Lam Gilbert *(Chairman)*
(appointed on 2 November 2020)
Mr. Roy Ho Yew Kee
(appointed on 2 November 2020)
Mr. Yeung Chun Yue David
(appointed on 10 September 2020)
Mr. Chan Ming Kit *(Chairman)*
(resigned on 2 November 2020)
Mr. Edgardo Osillada Gonzales II
(resigned on 2 November 2020)
Mr. Park Jee Ho
(resigned on 10 September 2020)

NOMINATION COMMITTEE

Mr. Tang Chak Lam Gilbert *(Chairman)*
(appointed on 2 November 2020)
Mr. Chan Ming Kit *(Chairman)*
(resigned on 2 November 2020)
Mr. Foo Moo Teng
Ms. Lim Joo Seng

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
P.O. Box 10008 Willow House Cricket Square
Grand Cayman KY1-1001
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank
80 Raffles Place
UOB Plaza 1
Singapore 048624

Bank of Communications Co., Ltd.
20 Pedder Street
Central
Hong Kong

OCBC Wing Hang Bank Limited
161 Queens Road
Central
Hong Kong

AUDITOR

Mazars CPA Limited
42/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

COMPANY'S WEBSITE

http://nexion.com.hk

Chairman's Statement

Dear Shareholders,

On behalf of the board of the directors (the "Board") of Nexion Technologies Limited, I am pleased to present to our shareholders (the "Shareholders") the annual report of the Group for the year ended 31 December 2020.

REVIEW

Year of 2020 was an unprecedentedly challenging year of the Group. Given the outbreak of Coronavirus Disease 2019 ("COVID-19") since January 2020 across most of the geographical regions in the world, it has significantly impacted the global economic activities and financial markets, which also adversely affect the operating performance of the Group.

To combat COVID-19, during the year ended 31 December 2020, travel restriction and other anti-pandemic measures have been launched by different countries. In Singapore, Singapore government (the "Government") has implemented a series of unprecedented measures including the "circuit breaker" and the promulgation of specific anti-pandemic measures. The Group therefore only maintained limited operating activities in Singapore for cyber infrastructure solutions business and cyber security solutions business, which affected the negotiation of new projects and delayed the progress of existing projects of the Group and therefore significantly impacted the revenue of both businesses.

Since March 2020, the outbreak of COVID-19 in the People's Republic of China (the "PRC") has been mitigated. Software-as-a-service ("SaaS") business in the PRC was relatively less affected by COVID-19 since the Group's customers and business partners were permitted to resume their operations. However, COVID-19 and Sino-US trade war were still the main risk and challenge which the Group expected that would maintain for a long period to its SaaS business. To minimise business risk of the Group as well as seize the business opportunities by provision of larger level of flexibility to customers, the Group has changed its role from a principal as an agent in SaaS business by revising some contract terms under mutual agreement among the Group and its customers.

Despite the outbreak of COVID-19 pressured the Group's operations, the Group has strengthened both "hardware" and "software" to tackle challenges and grasp business opportunities. During the year ended 31 December 2020, apart from upgrading internal research and development team and acquiring technology from technology vendors, the Group also implemented a training plan for engineers to uplift the Group's certifications and to boost the morale of engineers.

OUTLOOK

Despite there are still many uncertainties in the future, the development of vaccines has brought a signal of effective control on COVID-19. With governments' measures on anti-pandemic and revitalise the economy, the Group believes the most difficult time has passed and the global economy will recover in the coming years.

Since 28 December 2020, the Government implemented the last phase of Three-Phased approach embarked by the Government to resume activities safely since June 2020. Accordingly, local businesses in Singapore are gradually returning to normal at expected pace. Countries like Philippines and Malaysia have started government sponsored vaccination to achieve the immunity required to allow international business and traveling's to resume to its normal.

Chairman's Statement

Since February 2021, Myanmar government has been taken over by the military ("Myanmar Coup"), which has brought certain impacts on the business operation in Myanmar as the years of efforts to promote our solutions and capabilities to the overthrown government ended abruptly. On the other hand, there is a huge requirement for cyber security solutions as per the military government of Myanmar mandates to service providers. The Group is exploring this opportunity and will look for means to make business as long as the Group framework allows.

In coming year, the Group will continue to explore synergistic opportunities in Southeast Asia region such as in Philippines, Malaysia and Thailand to grow our businesses. Also, the Group will keep an eye on all existing projects to ensure business continuity.

Despite COVID-19, Myanmar Coup and Sino-US trade war are still challenging the Group's operations, leveraging the Group's strategy to reinforce the Group's existing businesses, developed cyber infrastructures, SaaS system and strong R&D capabilities in developing technologies and solutions, diversified geographical reach and well-established customer base, the Group is still confident and competitive in existing markets.

APPRECIATION

On behalf of the Company, I would like to take this opportunity to express my sincere gratitude to the Shareholders and business partners for their trust and support, and to the Board, management and employees for their contribution and dedications to the Group, which enabled us to overcome the challenges encountered during current year. Going forward, the Group will continue to pursue opportunities and devote more energetic spirit to keep up with the evolving marketplace and optimise its corporate strategy to achieve an exceptional result and realise the win-win value for Shareholders, employees and business partners.

Foo Moo Teng
Chairman

Hong Kong, 24 March 2021

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Foo Moo Teng（符懋胜）**("Mr. Foo")**, aged 55, is a founder, the chairman, an executive Director and the chief executive officer of the Company. Mr. Foo is primarily in charge of the Group's overall corporate strategy and daily operations of the Group, including business development and overall management.

Mr. Foo has over 30 years of experience in the information technology (IT) industry. Prior to founding the Group in 2002, Mr. Foo held various positions in the IT industry. Between February 1989 and September 1996, Mr. Foo founded several IT businesses which were engaged in provision of word processing and repair services for the private and government sectors, sales and servicing of computers and trading of computer parts and computer peripherals. From October 1998 to December 1999, he was a training officer with the Institute of Technical Education, Singapore and was responsible for educating students in the subject of electronics engineering. In January 2000, he joined Premier Electro Communication Pte. Ltd., a company engaged in the business of IT system integration, as a service manager where he was responsible for assisting to manage a team of engineers, generation of revenue as well as the maintenance of contracts with existing clients. From March 2001 to April 2002, he joined Getronics Solutions (S) Pte Ltd., a subsidiary of a holding company headquartered in Munich, Germany, which was in the business of system integration as a project manager. He was responsible for the negotiation, implementation and maintenance of IT projects.

Mr. Foo obtained a diploma in electronics & communication engineering from Singapore Polytechnic in April 1990.

Mr. Roy Ho Yew Kee ("Mr. Ho"), aged 45, has been appointed as an executive Director of the Company with effect from 2 November 2020. Mr. Ho has over 20 years of experience in financial service and restructuring experience in various capacities. From 1998 to 2003, Mr. Ho was a sales trader in TradeTech Pty Ltd and Hartley Poynton Ltd, a subsidiary of Royal Bank of Canada, where he was trained as a financial advisor, specialising in derivatives and first generation fintech products. From 2003 to 2009, Mr. Ho was a head of trading desk in a boutique trading firm, Tricom Futures Ltd, where he set up a trading desk in greenfield markets, specialising in debt instruments, capital raising, equity linked structures and derivatives.

In December 2011, Mr. Ho was appointed as an executive director of Key Alliance Group Berhad (a company listed on the Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange), stock code: KGROUP) and has been redesignated to managing director since August 2017. Mr. Ho is primarily in charge of overseeing corporate strategy of Key Alliance Group Berhad. In March 2019, Mr. Ho was appointed as a non-independent non-executive director of XOX Bhd (a company listed on the Bursa Malaysia, stock code: 0165) and has been redesignated to executive director since March 2020. In June 2020, Mr. Ho has been appointed as an independent non-executive director of Komarkcorp Berhad (a company listed on the Bursa Malaysia, stock code: 7017) and has been redesignated to executive director since November 2020.

Mr. Ho has served as a non-independent non-executive director of Halex Global Berhad (formerly known as Halex Holdings Berhad) (a company listed on the Bursa Malaysia, stock code: 5151) from April 2014 to January 2015, and an independent non-executive director of CN Asia Corporation Bhd (a company listed on the Bursa Malaysia, stock code: 7986) from December 2015 to June 2016.

Mr. Ho graduated from Griffith University, Australia with a bachelor of Commerce in September 1998.

Biographical Details of Directors and Senior Management

Mr. Ong Gim Hai ("Mr. Ong"), aged 45, has been appointed as an executive Director of the Company with effect from 2 November 2020. Mr. Ong has over 20 years of experience in information technology and computer industry, helping multi-nationals to establish and to grow operations in the Association of Southeast Asian Nations ranging from start-ups to established organisations. From June 2008 to December 2010, Mr. Ong was an enterprise account manager of VMWare Inc. (a company listed on the New York Stock Exchange, stock code: VMW). From January 2012 to August 2015, Mr. Ong joined Palo Alto Networks Inc. (a company listed on the National Association of Securities Dealers Automated Quotations ("NASDAQ"), stock code: PANW) as a country manager, where he was responsible for managing operations in Malaysia. From August 2015 to December 2016, Mr. Ong was a managing director of Nutanix Inc. (a company listed on the NASDAQ, stock code: NTNX), he was responsible for managing sales operations in Malaysia and Brunei. In August 2017, Mr. Ong was appointed as an independent non-executive director of Key Alliance Group Berhad (a company listed on the Bursa Malaysia, stock code: KGROUP) and has been redesignated to executive director since October 2019.

Mr. Ong graduated from University of Sussex, United Kingdom with a bachelor's degree in Engineering in Electrical and Electronic Engineering in June 1996.

Ms. Lim Joo Seng ("Ms. Lim"), aged 46, has been appointed as an independent non-executive Director of the Company with effect from 31 May 2017. Ms. Lim has involved in the finance industry for more than 20 years, having started her career at Sekhar & Tan as a tax assistant from April 1999 to March 2000. Thereafter, she joined Deloitte KassimChan (a member firm of Deloitte Touche Tohmatsu) as an audit senior from May 2000 to December 2003. From February 2005 to February 2010, she joined Deloitte Touche Tohmatsu CPA Ltd. (Shanghai) as a manager. From February 2010 to January 2017, she joined XinRen Aluminium Holdings Limited, a company previously listed on the main board of the Singapore Exchange Securities Trading Limited in October 2010 and was subsequently privatised in year 2016 and is now a private holding company in Singapore, as a chief financial officer. In December 2019, she joined Nestcon Infra Sdn. Bhd. as a finance director.

Ms. Lim graduated with a bachelor of commerce from Macquarie University in Sydney, Australia in April 1998, and has been a member of the Malaysian Institute of Accountants and the Certified Public Accountants of Australia since September 2003 and January 2003, respectively.

Mr. Tang Chak Lam Gilbert（鄧澤林）("Mr. Tang"), aged 69, has been appointed as an independent non-executive Director of the Company with effect from 2 November 2020. Mr. Tang has been a practicing solicitor in the Hong Kong Special Administrative Region of the People's Republic of China since 1987. He is currently a senior partner of Messrs. Gilbert Tang & Co. He was a member of the Kowloon West Advisory Committee of Hong Kong Bank Foundation District Community Programme from July 1991 to November 1995.

Mr. Tang graduated from University of Buckingham, United Kingdom with a bachelor of Laws in February 1984 and subsequently obtained a diploma in Chinese Law from the University of East Asia in Macau in May 1987.

Since May 2011, Mr. Tang has been appointed as an independent non-executive director of China Star Entertainment Limited (a company listed on the Stock Exchange, stock code: 326).

Biographical Details of Directors and Senior Management

Mr. Yeung Chun Yue David（楊振宇）**("Mr. Yeung")**, aged 39, has been appointed as an independent non-executive Director of the Company with effect from 10 September 2020. Mr. Yeung has over 15 years of experience in accounting and tax advisory. From July 2004 to September 2017, Mr. Yeung worked in Cheng & Cheng Limited, Certified Public Accountants with his last position as a director. He is currently a director and the managing partner of D & Partners CPA Limited and a member of the 14th Committee Member of the Guangzhou City Panyu District Chinese People's Political Consultative Conference.

Mr. Yeung has served as an independent non-executive director of China Ding Yi Feng Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 612) from April 2010 to March 2012, and Nova Group Holdings Limited (formerly known as Mega Expo Holdings Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 1360) from December 2014 to March 2017. He is currently an independent non-executive director of Aeso Holding Limited (a company listed on GEM of the Stock Exchange, stock code: 8341) and SANVO Fine Chemicals Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 301).

Mr. Yeung graduated from the City University of Hong Kong with a bachelor of business administration in accountancy in November 2004. Mr. Yeung is currently a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Advisor of the Taxation Institute of Hong Kong.

SENIOR MANAGEMENT

Mr. Edgardo Osillada Gonzales II ("Mr. Gonzales"), aged 42, is a chief technology officer of the Group. He is primarily responsible for overseeing the IT functions of the Group as well as providing marketing, sales and product support.

Mr. Gonzales has over 20 years of experience in the IT industry. From February 2001 to November 2005, Mr. Gonzales was a Network Engineer in Primeworld Digital System, Inc., an Internet Service Provider, and was responsible for maintaining and managing computer networks. From October 2005 to October 2008, Mr. Gonzales joined Commverge Solutions Philippines, Inc. ("Commverge Philippines"), a company that provides professional services and network solutions to carriers and service providers in the telecommunications industry in the Asia Pacific region, as a technical manager. He also worked at Commverge Solutions (Singapore) Pte Ltd in Singapore as a technical manager from November 2008 to May 2009. He managed the technical operations for pre-sales and post-sales in Singapore and the Philippines. From May 2009 to June 2010, Mr. Gonzales worked as a technical manager at Commverge Philippines. In July 2010, Mr. Gonzales joined Systex SouthAsia Pte Ltd., a Taiwan-based IT services provider in the Asia Pacific region, as product support engineer where he was responsible for implementing, maintaining and administering networks and servers. Since September 2010, Mr. Gonzales joined Netsis Technology (S) Pte. Ltd. ("Netsis (Singapore)") as an internet service provider consultant.

Mr. Gonzales graduated with a bachelor's degree in science (Computer Engineering) from the AMA Computer College in Manila, the Philippines in April 2000. Mr. Gonzales was recognised as a Cisco Routing and Switching Solutions Specialist in August 2007; Cisco Certified Network Professional in April 2012; and Cisco Certified Design Professional by Cisco Systems, Inc. in April 2015 and such certification was renewed in April 2018. Mr. Gonzales was also recognised as a Certified Engineer for Application Delivery by A10 Networks and VMWare Certified Professional by VMWare.

Biographical Details of Directors and Senior Management

Mr. Chan Kok Liang Frankie (田國良) **("Mr. Chan")**, aged 38, is a founder of Expert Team (Singapore) and is the chief development officer of the Group. He joined Expert Team (Singapore) in October 2013. He takes up the management role in the supervision of the Group's product and technology research, design and development. He further oversees the daily operation of the engineering team and leads the implementation of the Group's own developed solutions. Mr. Chan has over 10 years of experience in the IT industry.

From December 2006 to April 2015, Mr. Chan was a director at Decision Group Pte. Ltd., a company in Singapore which provides cyber security solutions and consultancy services. Mr. Chan graduated with a bachelor degree in engineering electronics, majoring in telecommunications, from the Multimedia University in Malaysia in June 2005, and obtained a master of communication engineering from the Nanyang Technological University in Singapore in November 2006. Mr. Chan was a member of the Institute of Electrical and Electronics Engineers ("IEEE") until December 2016. Mr. Chan has also contributed to publications including the "Analysis of IEEE 802.11b wireless security for university wireless LAN design" published in Volume 2 of the 2005 12th IEEE International Conference on Networks jointly held with the 2005 IEEE 7th Malaysia International Conference on Communication and "Supporting Quality of Services in Wireless LANs by EDCA Access Scheme" in Proc-MMU International Symposium on Information and Communications Technologies (M2USIC 2006).

Mr. Chen Kao Chih (陳高智) **("Mr. Chen")**, aged 53, is the R&D director of the Group who joined the Group in August 2013. Mr. Chen is primarily responsible for the supervision of software engineering and programming of the Group's products. He has over 25 years of experience in network design, deployment and administration for large scale sites, and is experienced in embedded system implementation.

From November 1992 to September 1998, Mr. Chen worked as an IT trainer and network administrator at the Army Communication Electronic Information School of Taiwan and was mainly responsible for the campus network establishment and management. Then, he became the chief of network administrators at Information Centre of a Taiwan government unit from April 2000 to August 2006. He was responsible for designing network for the Taiwan Army's Management Information Systems (MIS) management information system projects. He subsequently returned to the Army Communication Electronic Information School of Taiwan as its chief IT trainer from September 2006 to June 2010, where he was responsible for the planning of, and teaching information technology courses and testing and application of radiocommunication equipment. Before joining the Group in August 2013, Mr. Chen worked as the project manager at the Decision Group of Taiwan, a company focused on providing data monitoring and gathering, computer forensics cyber security services. He was responsible for creating and maintaining the internal communication mechanism and designed data monitoring and gathering products. Mr. Chen obtained a bachelor of information science degree from the Chung Cheng Institute of Technology in Taiwan in July 1990 and a master of science from the department of computer science and information engineering from the National Taiwan University in January 2004. Mr. Chen obtained the OCPJP (Oracle Certified Professional, Java SE 6 Programmer) certification, OCPJWCD (Oracle Certified Professional Java EE Web Component Developer) certification and CCNA (Cisco Certified Network Associate) certificate in December 2010, January 2011 and May 2010 respectively.

Biographical Details of Directors and Senior Management

Mr. Hoo Kam Choy（何錦財）**("Mr. Hoo")**, aged 45, is a founder of Expert Team Pte. Ltd. ("Expert Team (Singapore)") and is the sales and marketing director of the Group. He joined Expert Team (Singapore) in September 2015. He is responsible for supervising the sales and marketing department of the Group's cyber security business. In November 2003, Mr. Hoo founded K Track Trading, which was engaged in the business of security camera and communication products in Taiwan, Hong Kong and the PRC. Before joining the Group, Mr. Hoo incorporated Gandingan Pakar Sdn. Bhd. in Malaysia in August 2013, which supplied surveillance products.

Mr. Hoo obtained a bachelor degree in business administration from SooChow University, Taiwan in June 2001.

Ms. Yeo Joo Ling（楊珠琳）**("Ms. Yeo")**, aged 42, was appointed as the financial controller of the Group in August 2016. Ms. Yeo is primarily responsible for the overall financial management of the Group. Ms. Yeo has over 10 years in the finance and accounting spheres, having held positions in another two companies in Singapore with roles in accounting. Ms. Yeo obtained the general certificate of education A levels from Outram Institute in December 1998 and completed level 3 of the Association of Chartered Certified Accountants in June 2007.

COMPANY SECRETARY

Ms. Wong Po Lam（黃寶琳）**("Ms. Wong")**, aged 30, has been appointed as a company secretary of the Company with effect from 21 December 2020. Ms. Wong joined the finance department of the Company in January 2019. She has over eight years of experience in auditing, accounting, corporate governance and compliance issues in listed companies in Hong Kong. Before joining the Company, Ms. Wong acted as an audit manager in BDO Limited. Ms. Wong obtained a bachelor degree in Accounting from City University of Hong Kong, she is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a well-established information and communications technology ("ICT") solution provider headquartered in Singapore focusing on provision of cyber infrastructure solutions and cyber security solutions. Starting from late 2019, the Group set up an office in Shanghai, the PRC focusing on SaaS business in view of huge and rapid growing domestic sharing economy business in the PRC.

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 and cyber security solutions in Southeast Asia. By working with various technology vendors, the Group acquired the experience and expertise to evolve to an ICT solution provider. Leveraging on its research and development ("R&D") capabilities, the Group successfully developed its technologies and SaaS system to provide cyber security solutions and SaaS respectively.

In September 2020, the Company and XOX Bhd ("XOX"), a company incorporated under the laws of Malaysia, which is the first mobile virtual network operator listed on Bursa Malaysia (stock code: 0165) (collectively, the "Parties") have entered into a provisional technology partnership agreement (the "Provisional Agreement") to establish a long-term and stable strategic partnership (the "Partnership") in order to enhance the Parties' competitiveness and expand the scope of products and services offered by the Parties.

The Group believes that by cooperating with XOX, the Group could (i) expand and develop the its SaaS business, including provision of integrated services on sharing economy clearing payment platform to individuals and enterprises in Malaysia and other countries; (ii) expand and develop the Group's cyber security solutions business by supplying its equipment and cyber security system to XOX and its subsidiaries; and (iii) benefit the Group's overall business development and enhance its competitiveness through strengthened technical exchanges between the Parties. Therefore, the Group believes that it will carry out reallocation of internal resources, made adjustments to orientation to coordinate with the Partnership in the future. For more information about the Provisional Agreement and the Partnership, please refer to the Company's announcement dated 17 September 2020. Up to the date of this report, the discussion on details of the Partnership is in progress.

Cyber Infrastructure Solutions Segment and Cyber Security Solutions Segment

For the year ended 31 December 2020, the reportable segment results (adjusted earnings before interest, taxes, depreciation and amortisation ("Adjusted EBITDA")) in cyber infrastructure solutions segment and cyber security solutions segment were loss of approximately US$491,000 *(2019: profit of approximately US$396,000)* and loss of approximately US$1,333,000 *(2019: profit of approximately US$1,393,000)*, respectively. Decrease in segment results were mainly affected by decline in revenue to approximately US$1,129,000 *(2019: approximately US$3,363,000)* due to impact of the outbreak of COVID-19 since January 2020, impairment loss on trade receivables and non-current assets of approximately US$400,000 *(2019: approxiamtely US$5,000)* and approximately US$1,246,000 *(2019: Nil)*, respectively.

During the year ended 31 December 2020, the outbreak of COVID-19 has significantly impacted the global economic activities and financial markets, which has also continuously affected the negotiation of new projects with existing customers and the seeking out of potential customers of the Group.

To minimise the adverse effect of the outbreak of COVID-19, the Group has kept customers and business partners connected and updated through electronic communications and actively worked out more alternative business plans. However, for those projects in some countries whereby most of the processes are manual and the governments have been mandating strict quarantine, it is strenuous for the Group to secure the opportunities and this significantly impacted the revenue of both segments. The Group temporarily lost the sales activities but engineering support and maintenance were still available to customers.

The Group has sufficient capacity to continue its administrative and finance operations with minimal impact on its services and deliverables. Moreover, the Group has been continuously engaging with customers to follow-up on those opportunities that are critical to customers and working for key customers on some infrastructure upgrade opportunities. Besides, the management has also implemented a training plan for engineers to uplift the Group's certifications and to boost the morale of engineers.

Apart from strengthening the "software", the Group also invested in "hardware" to tackle challenges and grasp business opportunities. In view of rapidly changing on technology requirement, except upgrading internal R&D team, the Group acquired technology from technology vendors. In August 2020, the Company acquired copyright of 15 sets of computer software (the "Software") in the PRC, at a consideration of US$1,700,000 (the "Acquisition"). The Software can be applied in supporting the Group's operation of the cyber infrastructure solutions segment and cyber security solutions segment in Hong Kong and the PRC. For more information about the Acquisition, please refer to the Company's announcement dated 28 August 2020.

The Group believed that the upgraded "hardware" and "software" in the Group will bring synergy and business opportunities to supplement and expand the existing business, and also provide more integrated services to the Group's customers.

SaaS Segment

For the year ended 31 December 2020, the reportable segment result (Adjusted EBITDA) in SaaS segment was loss of approximately US$417,000 *(2019: profit of approximately US$496,000)*. Loss on segment result was mainly attributable to significantly increase in subcontracting fee incurred. The Group's customer base in SaaS business involved different industries like insurance industry, logistic industry, etc. and different provinces in the PRC like Hunan, Shanghai, Shandong, Zhejiang, etc., which broadened and brought considerable source of revenue to the Group. The Group will continuously make effort on diversifying customer base to expand market share in SaaS business.

COVID-19 and Sino-US trade war were the main risk and challenge during the year ended 31 December 2020, which the Group expected that would maintain for a long period to its SaaS business. To minimise business risk of the Group as well as seize the business opportunities by provision of larger level of flexibility to customers, the Group has changed its role from a principal as an agent in SaaS business since the second half year of 2020 by revising some contract terms under mutual agreement among the Group and its customers.

Prospect

Since 28 December 2020, the Government implemented the Phase Three, which is the last phase of Three-Phased approach embarked by the Government to resume activities safely since June 2020. Accordingly, local businesses in Singapore are gradually returning to normal at expected pace. With governments' measures on anti-pandemic and revitalise the economy, and the development of vaccines, it is expected that international business and traveling's to resume to its normal at slow pace. In coming year, the Group will continue to explore synergistic opportunities in Southeast Asia region such as in Philippines, Malaysia and Thailand to grow our businesses. Also, the Group will keep an eye on all existing projects to ensure business continuity and secure maintenance contract agreements which are regularly issued by the customers on the yearly basis.

Myanmar is used to be one of the important markets of the Group. Although the Myanmar Coup has resulted in a huge requirement for cyber security solutions as per the military government of Myanmar mandates to service providers, the Group will try to explore opportunity in Myanmar and will look for means to make business as long as the Group framework allows.

Management Discussion and Analysis

Year of 2021 is also a challenging year of the Group, both of COVID-19, Myanmar Coup and Sino-US trade war continuously have certain impacts on the business operation. However, management and staff of the Group are always well-prepared to cope with various challenges and continue to put our best endeavors to mitigate the adverse impact by adjusting its measures and alternative business plans. The Group will also stay alert to the development and situation of all events, continue to assess its impacts on the financial position and operating results of the Group and take necessary action to maintain stability of the Group's businesses.

FINANCIAL REVIEW

Revenue

The major revenue streams of the Group were derived from provision of cyber infrastructure solutions, cyber security solutions and SaaS. For the year ended 31 December 2020, the Group recorded a total revenue of approximately US$8,633,000 *(2019: approximately US$5,815,000)*, which were generated from cyber infrastructure solutions business of approximately US$871,000 *(2019: approximately US$1,308,000)*, cyber security solutions business of approximately US$258,000 *(2019: approximately US$2,055,000)* and SaaS business of approximately US$7,504,000 *(2019: approximately US$2,452,000)*.

The decrease in revenue from cyber infrastructure solutions segment and cyber security solutions segment was mainly due to impact of the outbreak of COVID-19. The revenue contributed by customers from Southeast Asia in these segments remained stable, which accounted for approximately 77% and 75% for the years ended 31 December 2020 and 2019, respectively. The increase in revenue from SaaS segment was due to business development since late 2019.

Cost of inventories sold

The Group's cost of inventories sold was decreased from approximately US$722,000 for the year ended 31 December 2019 to approximately US$497,000 for the year ended 31 December 2020. The decrease was mainly due to decrease in the number of purchases of hardware components.

Staff costs and related expenses

For the year ended 31 December 2020, the Group recorded staff costs and related expenses of approximately US$912,000 *(2019: approximately US$1,243,000)*. The decrease was mainly due to the decrease in retention fee for a non-director individual from US$376,000 for the year ended 31 December 2019 to nil for the year ended 31 December 2020.

Subcontracting fee

For the year ended 31 December 2020, the Group recorded subcontracting fee of approximately US$7,045,000 *(2019: approximately US$616,000)* for technology vendors and individual service providers to provide subcontracting services on cyber security solutions business and SaaS business. The increase was mainly due to the introduction of SaaS business of the Group since late 2019.

Sales and marketing expenses

The amount of sales and marketing expenses decreased from approximately US$1,679,000 for the year ended 31 December 2019 to approximately US$564,000 for the year ended 31 December 2020, which represented advertisement fee for promotion of SaaS business in the PRC. The decrease was mainly due to cost control during the year ended 31 December 2020.

Impairment loss on non-current assets

In view of the deteriorating economy and disruption in the operations of the Group arising from the COVID-19 during the year ended 31 December 2020 and Myanmar Coup since February 2021, the Group assessed if any impairment loss should be recognised for the non-current assets of the Group including property, plant and equipment and intangible assets.

The Group considered that its internally developed technologies for cyber security solutions service may not be able to generate future economic benefits due to the uncertainties in securing new projects. Accordingly, the recoverable amount of these technologies was minimal, impairment loss of approximately US$964,000 was recognised for these technologies developed at 31 December 2020 *(2019: Nil)*.

As at 31 December 2020, the Group further assessed the recoverable amounts of the property by Level 2 fair value measurement; plant and equipment and remaining intangible assets based on value-in-use calculations using pre-tax cash flow projections covering a 5-year period which is approved by management. The Group considered that further impairment loss of approximately US$282,000 on plant and equipment should be recognised at 31 December 2020 *(2019: Nil)*.

Details of the impairment assessment on property, plant and equipment and intangible assets are set out in Note 12 and Note 14 respectively to the consolidated financial statements in this report.

Impairment loss on trade and other receivables

The Group assessed impairment loss on trade receivables by simplified approach in calculating expected credit loss ("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; and assessed impairment loss on other receivables measured on lifetime ECL and reflects the short maturities of the exposures.

Impairment loss on trade and other receivables of approximately US$983,000 was recognised at 31 December 2020 *(2019: approximately US$588,000)*. Details of the impairment assessment on trade and other receivables are set out in Note 27 to the consolidated financial statements in this report.

General and administrative expenses

The amount of general and administrative expenses increased from approximately US$2,101,000 for the year ended 31 December 2019 to approximately US$2,213,000 for the year ended 31 December 2020.

Liquidity and financial resources

As at 31 December 2020, the Group had current assets of approximately US$8,245,000 *(2019: approximately US$11,650,000)* including bank balances and cash of approximately US$5,191,000 *(2019: approximately US$6,191,000)* which are principally denominated in Hong Kong dollars ("HK$"), Singapore dollars ("SG$"), Renminbi ("RMB") and US$, and the Group did not have any bank borrowings and debts. Total assets were approximately US$11,897,000 *(2019: approximately US$17,736,000)* and total liabilities were approximately US$2,525,000 *(2019: approximately US$2,591,000)*. The gearing ratio is not available, since the Group had no bank borrowings and no debts as at 31 December 2020 and 2019.

Management Discussion and Analysis

Share capital

As at 31 December 2020 and 2019, 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. The issued share capital of the Company was HK$7,200,000 (equivalent to approximately US$923,000) divided into 720,000,000 ordinary shares of HK$0.01 each (the "Share(s)").

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

The exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities.

Certain financial assets and financial liabilities of the Group are denominated in SG$, which is different from the functional currency of the respective group entities.

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 31 December 2020 and 2019.

Commitments

As at 31 December 2020, the Group had operating lease commitment as lessee in respect of rentals payable for its office premises for short-term leases, amounted to approximately US$10,000 *(2019: approximately US$10,000)*.

There is no operating lease commitment as lessor in respect of rentals receivable from its investment property *(2019: approximately US$66,000)*.

The Group did not have any capital commitments as at 31 December 2020 and 2019.

Significant events

Acquisition of copyrights of computer software

On 28 August 2020, the Company has entered into a software copyright transfer agreement (the "Copyright Agreement") with O2O Solutions Limited ("O2O Solutions") and Shanghai Zhongha Internet Technology Services Company Limited*（上海眾哈網絡科技服務有限公司, "Shanghai Zhongha"), a wholly-owned subsidiary of O2O Solutions. Pursuant to the Copyright Agreement, Shanghai Zhongha shall transfer all copyrights of the Software in the PRC owned by Shanghai Zhongha, to the Company or its designated subsidiary at a consideration of US$1,700,000.

The Software can be applied in supporting the Group's operation of the cyber infrastructure solutions segment and cyber security solutions segment in Hong Kong and the PRC. For more information about the Acquisition, please refer to the Company's announcement dated 28 August 2020.

* *For identification purpose only*

Implementation of the provisional agreement

On 17 September 2020, the Company and XOX, a company incorporated under the laws of Malaysia, which is the first mobile virtual network operator listed on Bursa Malaysia (stock code: 0165) have entered into the Provisional Agreement to establish a long-term and stable strategic partnership in order to enhance the Parties' competitiveness and expand the scope of products and services offered by the Parties.

For more information about the Provisional Agreement and the Partnership, please refer to the Company's announcement dated 17 September 2020. Up to the date of this report, the discussion on details of the Partnership is in progress.

Change of directors and composition of board committees

Effected from 10 September 2020, Mr. Park Jee Ho ("Mr. Park") has resigned as an independent non-executive Director, a member of audit committee of the Company (the "Audit Committee") and a member of remuneration committee of the Company (the "Remuneration Committee"); and Mr. Yeung Chun Yue David has been appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee in place of Mr. Park.

Effected from 2 November 2020, Mr. Edgardo Osillada Gonzales II ("Mr. Gonzales") has resigned as an executive Director and a member of the Remuneration Committee; Mr. Shan Baofeng ("Mr. Shan") has resigned as an executive Director; and Mr. Chan Ming Kit ("Mr. Chan") has resigned as an independent non-executive Director, the chairman of the nomination committee of the Company (the "Nomination Committee"), the chairman of the Remuneration Committee and a member of the Audit Committee. Effected from the same date, Mr. Roy Ho Yew Kee has been appointed as an executive Director and a member of the Remuneration Committee in place of Mr. Gonzales; Mr. Ong Gim Hai has been appointed as an executive Director in place of Mr. Shan; and Mr. Tang Chak Lam Gilbert has been appointed as an independent non-executive Director, the chairman of the Nomination Committee and the chairman of the Remuneration Committee and a member of the Audit Committee in place of Mr. Chan.

For more information about the change of directors and composition of board committees, please refer to the Company's announcement dated 10 September 2020 and 2 November 2020.

Disposal of an investment property in Singapore

On 7 December 2020, Nexion Investment Pte. Ltd. ("Nexion Investment"), a wholly-owned subsidiary of the Company and Ewerwin Pte. Ltd. ("Ewerwin"), an independent third party who incorporated in Singapore with limited liability, have entered into a property transfer agreement (the "Property Transfer Agreement"). Pursuant to the Property Transfer Agreement, Nexion Investment agreed to sell and Ewerwin agreed to purchase an investment property in Singapore (the "Investment Property") at the consideration of SG$1,500,000 (equivalent to approximately US$1,119,000). The disposal of the Investment Property was completed on 9 December 2020 and resulted in a loss of approximately US$37,000.

For more information about disposal of the Investment Property, please refer to the Company's announcement dated 7 December 2020 and 9 December 2020, and Note 13 to the consolidated financial statements in this report.

Disposal of subsidiaries

In order to minimise the operation costs and enhance the business efficiency, the Group disposed of Charm Master Holdings Group Limited and its subsidiaries (collectively, the "Charm Master Group") and Team Ace Investments Limited and its subsidiary (collectively, the "Team Ace Investments Group") to independent third parties during the year ended 31 December 2020 (the "Disposals").

Management Discussion and Analysis

The principal activities of Charm Master Group are investment holding and provision of SaaS. The disposal of Charm Master Group was completed on 31 July 2020 and resulted in a gain of approximately US$89,000. The principal activities of Team Ace Investments Group are investment holding and provision of cyber security solutions services, the disposal of Team Ace Investments Group was completed on 31 December 2020 and resulted in a loss of approximately US$3,000.

The Disposals did not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules. Details of the Disposals are set out in Note 24 to the consolidated financial statements in this report.

Significant investment, material acquisitions and disposals

Save as the Disposals as disclosed in this report, the Group had no significant investment, or any material acquisitions or disposal of subsidiaries, associated companies or joint ventures during the year ended 31 December 2020.

Event after the reporting period

Assessment of the impact of Myanmar Coup

Since February 2021, the outbreak of the Myanmar Coup has certain impacts on the business operation in Myanmar as the years of efforts to promote our solutions and capabilities to the overthrown government ended abruptly. Although the Group is exploring the opportunity to provide cyber security solutions as per the military government of Myanmar mandates to service providers, the Group would temporarily loss business in Myanmar due to the continuously unstable situation. With the impacts of COVID-19, the Group considered that its internally developed technologies for cyber security solutions service may not be able to generate future economic benefit due to the uncertainties in securing new projects. Accordingly, the recoverable amount of these technologies was minimal, impairment loss of approximately US$964,000 was recognised at 31 December 2020.

The Group will stay alert to the development and situation of the Myanmar Coup, continue to assess its impacts on the financial position and operating results of the Group, and take necessary action to maintain stability of the businesses.

Change in use of net proceeds

On 24 February 2021, the Board resolved to reallocate the use in its unutilised net proceeds (the "Unultilised 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"). The Directors consider that the change in the use of the Unultilised Net Proceeds is in the best interest of the Company and its Shareholders as a whole since it is more appropriate to meet the current business needs of the Company and enables the Company to invest its financial sources in a more beneficial and effective way so as to cooperate in the future development of the Company and grasp the potential business opportunities in the future.

For more information about the change of use in the Unutilised Net Proceeds, please refer to the Company's announcement dated 24 February 2021 and section headed "Use of net proceeds from the listing" in this report.

Save as disclosed elsewhere in this report, the Group has no significant events subsequent to 31 December 2020 and up to the date of this report.

Future plan for material investment and capital assets

Save as disclosed in this report, the Group did not have any plans for material investment or acquisition of capital assets as at the date of this report. The Company will make further announcement in accordance with the GEM Listing Rules, where applicable, if any investments and acquisition opportunities materialise.

Final dividends

The Board did not recommend the payment of final dividend for the year ended 31 December 2020 *(2019: Nil)*.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

Charges on the Group's assets

There was no charge on the Group's assets as at 31 December 2020 and 2019.

Employee information

As at 31 December 2020, the Group had a total of 27 employees *(2019: 23 employees)* (including executive Directors). During the year ended 31 December 2020, the total staff costs amount to approximately US$912,000 *(2019: approximately US$1,243,000)*, representing a decrease of approximately US$331,000 over the year. 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.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the issue of new shares of the Company at the time of the Listing 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 24 February 2021 prior to the change of use in the Unultilised Net Proceeds, the net proceeds from the Listing had been applied according to which disclosed in the section headed "Statement of Business Objectives and Use of Proceeds" in the prospectus of the Company dated 6 June 2017 ("Prospectus") were as follows:

	Adjusted use of net proceeds		Actual use of net proceeds from the Listing Date and up to 24 February 2021		Unutilised net proceeds up to 24 February 2021	
	HK$'000	*US$'000*	*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	5,585	716	–	–
To expand sales and marketing team	6,146	788	1,167	147	4,781	613
To develop Netsis Hybrid Converge Hub in Singapore	6,217	797	6,217	797	–	–
To develop Netsis Security Hub in Hong Kong	14,204	1,821	14,204	1,821	–	–
Working capital over the period	4,820	618	4,820	618	–	–
	51,995	6,666	47,016	6,025	4,781	613

Management Discussion and Analysis

On 24 February 2021, the Board resolved to change and reallocate the use in the Unultilised Net Proceeds of approximately HK$4,781,000 (equivalent to approximately US$613,000) from the expansion of sales and marketing team to general working capital.

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

The expected completion timeline for utilising the Unutilised Net Proceeds is set out below:

	Expected timeline for utilising the Unutilised Net Proceeds *(Note)*
General working capital	From 24 February 2021 to 31 December 2021

Note: The expected timeline for utilising the Unutilised Net Proceeds is based on the best estimation of the present and future business plan made by the Board.

INTRODUCTION

The Directors are pleased to present the corporate governance report of the Company for the year ended 31 December 2020 in accordance with the requirement under Rule 18.44(2) of the GEM Listing Rules.

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "CG Code") to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, and to ensure that affairs are conducted in accordance with applicable laws and regulations.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties in the CG Code, which includes developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this report. The Company has complied with the principles and applicable code provisions of the CG Code for the year ended 31 December 2020, except the deviation from code provision A.2.1 of the CG Code as set out below.

Chairman and chief executive officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Foo is the chairman, an executive Director and the chief executive officer of the Company. It is considered that he 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 in 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 suggested by code provision A.2.1 of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules ("Model Code") as the code of conduct for securities transactions by the directors in respect of the Shares (the "Code of Conduct"). Having made specific enquiries to all directors of the Company, each of them has confirmed that he/she has fully complied with the required standard of dealings and its code of conduct regarding to directors' securities transactions during the year ended 31 December 2020.

Corporate Governance Report

BOARD OF DIRECTORS

The Board currently has six Directors comprising of three executive Directors and three independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating the Group's annual budget and final accounts, and formulating the Group's proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the articles of the Company (the "Articles").

The composition of the Board during the year ended 31 December 2020 and up to the date of this report is set out as follows.

Executive directors

Mr. Foo Moo Teng *(Chairman)*
Mr. Roy Ho Yew Kee *(appointed on 2 November 2020)*
Mr. Ong Gim Hai *(appointed on 2 November 2020)*
Mr. Edgardo Osillada Gonzales II *(resigned on 2 November 2020)*
Mr. Shan Baofeng *(resigned on 2 November 2020)*

Independent non-executive directors

Ms. Lim Joo Seng
Mr. Tang Chak Lam Gilbert *(appointed on 2 November 2020)*
Mr. Yeung Chun Yue David *(appointed on 10 September 2020)*
Mr. Chan Ming Kit *(resigned on 2 November 2020)*
Mr. Park Jee Ho *(resigned on 10 September 2020)*

There is no financial, business, family or other material/relevant relationship among any members of the Board.

The Board has delegated to the chief executive officer and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group.

In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. Further details of these committees are set out in section headed "Board Committees" on pages 26 to 31 in this report.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

All the Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The biographical details of each Director of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 7 to 11 in this report.

All the Directors have access to all the information of the Company as well as the services and advice of the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. All the Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interest of the Company and the Shareholders at all times.

The CG Code requires the Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer. The Directors have agreed to disclose their commitments to the Company in a timely manner and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company. Further details of these disclosures are set out in section headed "Biographical Details of Directors and Senior Management" on pages 7 to 9 in this report.

The Board has also monitored the corporate governance policies and practices of the Company in compliance with all requirements under GEM Listing Rules and CG Code.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The Board meets regularly and additional meeting will be convened when considered necessary by the Board; 10 board meetings were held throughout the year ended 31 December 2020. Details of Directors' attendance record of the Board meetings are set out as follow:

Name of directors	Attendance/ Number of Board meetings held
Executive directors	
Mr. Foo Moo Teng *(Chairman)*	10/10
Mr. Roy Ho Yew Kee *(appointed on 2 November 2020)*	3/3
Mr. Ong Gim Hai *(appointed on 2 November 2020)*	3/3
Mr. Edgardo Osillada Gonzales II *(resigned on 2 November 2020)*	7/7
Mr. Shan Baofeng *(resigned on 2 November 2020)*	6/7
Independent non-executive directors	
Ms. Lim Joo Seng	10/10
Mr. Tang Chak Lam Gilbert *(appointed on 2 November 2020)*	3/3
Mr. Yeung Chun Yue David *(appointed on 10 September 2020)*	5/5
Mr. Chan Ming Kit *(resigned on 2 November 2020)*	7/7
Mr. Park Jee Ho *(resigned on 10 September 2020)*	5/5

Corporate Governance Report

One general meeting was held throughout the year ended 31 December 2020. Details of directors' attendance record of the general meetings are set out below:

Name of directors	Attendance/ Number of general meetings held
Executive directors	
Mr. Foo Moo Teng *(Chairman)*	1/1
Mr. Roy Ho Yew Kee *(appointed on 2 November 2020)*	N/A
Mr. Ong Gim Hai *(appointed on 2 November 2020)*	N/A
Mr. Edgardo Osillada Gonzales II *(resigned on 2 November 2020)*	1/1
Mr. Shan Baofeng *(resigned on 2 November 2020)*	1/1
Independent non-executive directors	
Ms. Lim Joo Seng	1/1
Mr. Tang Chak Lam Gilbert *(appointed on 2 November 2020)*	N/A
Mr. Yeung Chun Yue David *(appointed on 10 September 2020)*	N/A
Mr. Chan Ming Kit *(resigned on 2 November 2020)*	1/1
Mr. Park Jee Ho *(resigned on 10 September 2020)*	1/1

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05A, 5.05(1) and 5.05(2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. As such, the independent non-executive Directors will bring independent judgment to the decision making process of the Board.

In accordance with code provision A.4.1 of the CG Code, the Company has entered into a letter of appointment with each of the independent non-executive Directors for a term of three years commencing from the Listing Date which may be terminated by either party by giving three months' written notice.

The Company has received an annual confirmation of independence from each independent non-executive Directors as regards each of the factors referred to in Rule 5.09 of the GEM Listing Rules and considers the independent non-executive directors are independent as at the date of this annual report.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the Directors has entered into a service contract with the Company for a term of three years commencing from date of appointment, which may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of the directors as set out in the Articles.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

At every annual general meeting ("AGM") of the Company, any Director being appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting pursuant to article 16.2 of the Article. The Directors retiring by rotation at the 2020 AGM are Mr. Roy Ho Yew Kee, Mr. Ong Gim Hai, Mr. Tang Chak Lam Gilbert and Mr. Yeung Chun Yue David. They will retire and, being eligible, offer themselves for re-election as Directors at the 2020 AGM.

In addition, pursuant to article 16.18 of the Article, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any AGM at which any directors retire may fill the vacated office by electing a like number of persons to be Directors. The Directors retiring by rotation at the 2020 AGM are Mr. Foo Moo Teng and Ms. Lim Joo Seng. They will retire and, being eligible, offer themselves for re-election as Directors at the 2020 AGM.

DIRECTORS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the code provision A.6.5 of the CG Code, all Directors of the Company should participate in continuous professional development to develop and refresh their knowledge and skills, which is to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2020, the Directors have been provided with regular updates on Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Directors are also briefed on the latest development and changes in the GEM Listing Rules and other relevant regulatory requirements timely. All Directors confirmed that they have had suitable training throughout the Year. The Company has maintained the training record in respect of each Director. There are also arrangements in place for providing continuing briefing and professional development to its directors by the Company whenever necessary.

A summary of continuous professional development of each Director of the Company participated during the year ended 31 December 2020, according to the records provided, is set out below:

Name of directors	Attending internal briefings or trainings, participating seminars or reviewing materials
Executive directors	
Mr. Foo Moo Teng *(Chairman)*	✓
Mr. Roy Ho Yew Kee *(appointed on 2 November 2020)*	✓
Mr. Ong Gim Hai *(appointed on 2 November 2020)*	✓
Mr. Edgardo Osillada Gonzales II *(resigned on 2 November 2020)*	✓
Mr. Shan Baofeng *(resigned on 2 November 2020)*	✓
Independent non-executive directors	
Ms. Lim Joo Seng	✓
Mr. Tang Chak Lam Gilbert *(appointed on 2 November 2020)*	✓
Mr. Yeung Chun Yue David *(appointed on 10 September 2020)*	✓
Mr. Chan Ming Kit *(resigned on 2 November 2020)*	✓
Mr. Park Jee Ho *(resigned on 10 September 2020)*	✓

Corporate Governance Report

BOARD COMMITTEES

The Board has established three committees, namely as audit committee, remuneration committee and nomination committee with specific written terms of reference which deal clearly with the committee's authority and duties. It is required for the committees to report the improvements and recommendations in respect to any identified matters to the Board.

Audit Committee

The Company has established the Audit Committee pursuant to a resolution of the directors passed on 31 May 2017. The Audit Committee has written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Group.

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Ms. Lim Joo Seng (Chairman), Mr. Tang Chak Lam Gilbert and Mr. Yeung Chun Yue David.

Four Audit Committee meetings were held throughout the year ended 31 December 2020. Details of changes of the members and members' attendance record of the Audit Committee meetings are set out as follow:

Name of directors	**Attendance/ Number of meetings held**
Ms. Lim Joo Seng *(Chairman)*	4/4
Mr. Tang Chak Lam Gilbert *(appointed on 2 November 2020)*	1/1
Mr. Yeung Chun Yue David *(appointed on 10 September 2020)*	1/1
Mr. Chan Ming Kit *(resigned on 2 November 2020)*	3/3
Mr. Park Jee Ho *(resigned on 10 September 2020)*	3/3

The summary of the work of the Audit Committee is as follows:

(i) reviewed the final results and annual report of the Group for the year ended 31 December 2019, the interim results and report for the six months ended 30 June 2020, the quarterly results and reports for the periods ended 31 March 2020 and 30 September 2020 with a recommendation to the Board for approval and monitored the integrity of such consolidated financial statements;

(ii) reviewed the Group's financing and accounting policies; and

(iii) reviewed and recommended improvements on the Group's internal control system and risk management functions.

The Group's results for the year ended 31 December 2020 has been reviewed by the Audit Committee.

Remuneration Committee

The Company has established the Remuneration Committee pursuant to a resolution of the directors passed on 31 May 2017. The Remuneration Committee has written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all directors and senior management of the Group, review performance-based remuneration and ensure none of the directors determine their own remuneration.

As at the date of this report, the Remuneration Committee has three members comprising of two independent non-executive Directors and one executive Director, namely Mr. Tang Chak Lam Gilbert (Chairman), Mr. Roy Ho Yew Kee and Mr. Yeung Chun Yue David.

Three Remuneration Committee meetings were held throughout the year ended 31 December 2020. Details of changes of the members and members' attendance record of the Remuneration Committee meetings are set out as follow:

Name of directors	Attendance/ Number of meetings held
Mr. Tang Chak Lam Gilbert *(Chairman) (appointed on 2 November 2020)*	N/A
Mr. Roy Ho Yew Kee *(appointed on 2 November 2020)*	N/A
Mr. Yeung Chun Yue David *(appointed on 10 September 2020)*	1/1
Mr. Chan Ming Kit *(Chairman) (resigned on 2 November 2020)*	3/3
Mr. Edgardo Osillada Gonzales II *(resigned on 2 November 2020)*	3/3
Mr. Park Jee Ho *(resigned on 10 September 2020)*	2/2

The summary of the work of the Remuneration Committee is as follows:

(i) made recommendations to the Board on the Company's remuneration policy of directors and senior management;

(ii) reviewed the remuneration packages of directors and senior management in relation to the performance and financial position of the Company; and

(iii) made recommendations to the Board on the remuneration of independent non-executive Directors.

Corporate Governance Report

Remuneration of directors and senior management

Particulars in relation to directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Rule 18.30 of the GEM Listing Rules are set out in Notes 7 and 8 to the consolidated financial statements. Pursuant to code provision B.1.5 of the CG Code, the remuneration of executive Directors and the members of senior management by band for the year ended 31 December 2020 is set out below:

Remuneration Band	Number of executive Directors and senior management
Up to US$100,000	8
US$100,001 to US$150,000	2

None of the senior management personnel is entitled to retention fee for service rendered for the year ended 31 December 2020 *(2019: One of the senior management personnel is entitled to retention fee of US$376,000)*.

Nomination Committee

The Company has established the Nomination Committee pursuant to a resolution of the directors passed on 31 May 2017. The Nomination Committee has written terms of reference in compliance with the CG Code.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board on any proposed changes to the Board to complement the Group's corporate strategy, identify individuals suitably qualified to become Board members, assess the independence of independent non-executive Directors and make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman and the chief executives.

As at the date of this report, the Nomination Committee has three members comprising of two independent non-executive Directors and one executive Director, namely Mr. Tang Chak Lam Gilbert (Chairman), Mr. Foo Moo Teng and Ms. Lim Joo Seng. The Company has met the code provision A.5.1 of having a majority of the Nomination Committee members being independent non-executive Directors and being chaired by an independent non-executive Director.

Three Nomination Committee meetings were held throughout the year ended 31 December 2020. Details of changes of the members and members' attendance record of the Nomination Committee meetings are set out as follow:

Name of directors	Attendance/ Number of meetings held
Mr. Tang Chak Lam Gilbert *(Chairman) (appointed on 2 November 2020)*	N/A
Mr. Chan Ming Kit *(Chairman) (resigned on 2 November 2020)*	3/3
Mr. Foo Moo Teng	3/3
Ms. Lim Joo Seng	3/3

The summary of the work of the Nomination Committee is as follows:

(i) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;

(ii) assessed the independence of independent non-executive Directors;

(iii) made recommendations on the retiring directors at the AGM of the Company; and

(iv) considered the candidate's integrity, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity on selection of candidates for directorship of the Company.

Nomination policy

Pursuant to the nomination policy adopted by the Company, the Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as directors at general meetings or appoints as directors to fill casual vacancies.

Selection of proposed candidates shall be based on a range of criteria in assessing their suitability, including but not limited to, reputation of integrity, qualifications, commitment in respect of available time and relevant interest, the board diversity policy adopted by the Company, and whether the candidates would be considered independent with reference to the independence guidelines as set out in the Listing Rules under the case of selection of independent non-executive directors.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. As there may be more candidates than the vacancies available, and the "gross-vote" method will be used to determine who shall be elected as a director, shareholder proposed resolutions shall therefore take the same form as the resolutions proposed for the candidates recommended by the Board.

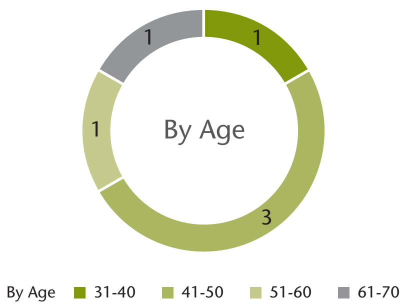
Board Diversity Policy

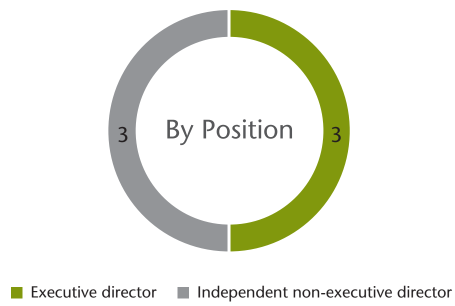
The Board adopted a board diversity policy (the "Board Diversity Policy") in accordance with the requirement set out in the CG Code. The Board Diversity Policy aims to set out the approach to maintain diversity on the Board for long term sustainable development. The Company recognises and embraces the benefits of having a diverse Board. All Board appointments shall be made on a meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board.

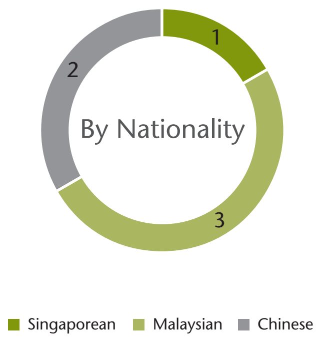
Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background or professional experience. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board.

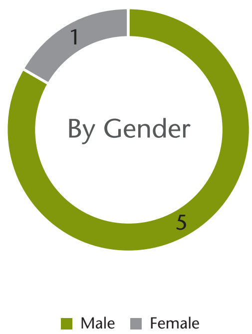
Corporate Governance Report

As at the date of this annual report, the Group had six Directors in the Board. Set out below is the detailed breakdown of the number of Directors by age, position, nationality and gender.









The Nomination Committee monitors the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy regularly.

Dividend Policy

The Board adopted a dividend policy (the "Dividend Policy") in accordance with the requirement set out in the code provision, which aimed to provide stable and sustainable returns to shareholders of the Company. Pursuant to the Dividend Policy, the Board of the Company has the sole discretion to propose and determine the declaration and payment of dividends and the manner or form in which it shall be paid.

Determination on dividend distribution shall be taken into account of the financial position of the Group, the Group's actual and future operations and liquidity position, the Group's expected working capital requirements and future expansion plans, the Group's debt to equity ratios and the debt level, any restrictions on payment of dividends that may be imposed by the Group's lenders, the accumulated profits and other distributable reserves of the Company and each of the members of the Group, the shareholders' and investors' expectation and industry's norm, the general market conditions, and any other factors that the Board deems appropriate.

The Board did not recommend the payment of final dividend for the year ended 31 December 2020 *(2019: Nil)*.

Corporate Governance

The Board is also responsible for the corporate governance functions under code provision D.3.1 of the CG Code. During the year ended 31 December 2020, the summary of the work of the Board is as follows:

(i) developed, reviewed and recommended to the Board on the Company's policies and practices on corporate governance;

(ii) reviewed and monitored the training and continuous professional development of directors and senior management of the Company;

(iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developed, reviewed and monitored the code of conduct applicable to employees and directors; and

(v) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

EMOLUMENT POLICY OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration policy of the Group is to ensure the competitiveness of total remuneration to directors and senior management in the market. It will be generally determined with reference to the skills, experience, knowledge and roles of them. Except for the abovementioned criteria, the Group will also consider the Company's performance and the prevailing market conditions for the emoluments of executive directors and efforts and time dedicated to the participation in Company affairs for the emoluments of independent non-executive directors and senior management.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements for the year ended 31 December 2020 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. Therefore, the consolidated financial statements are prepared in going concern basis.

AUDITOR'S REMUNERATION

The consolidated financial statements for the years ended 31 December 2020 and 2019 have been audited by independent auditor, Mazars CPA Limited.

During the year ended 31 December 2020, the remuneration paid/payable to Mazars CPA Limited in respect of audit services amounted to approximately US$103,000 *(2019: approximately US$99,000)*.

There was no remuneration paid/payable to Mazars CPA Limited in respect of non-audit services during the years ended 31 December 2020 and 2019.

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the auditor and the management of the Company during the year ended 31 December 2020.

Corporate Governance Report

The responsibilities of the external auditor about its financial reporting are set out in the independent auditor's report attached to the Company's consolidated financial statements for the year ended 31 December 2020 in this report.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company.

COMPANY SECRETARY

Sir Kwok Siu Man KR resigned as company secretary with effect from 21 December 2020 due to his other business commitment. Ms. Wong Po Lam was appointed by the Board as the company secretary of the Company on the same date. The biographical details of Ms. Wong are set out in the section headed "Biographical Details of Directors and Senior Management" on page 11 of this annual report. Ms. Wong is principally responsible for supervision and compliance of the financial reporting, financial planning, treasury, financial controlling and company secretarial matters of the Company.

Ms. Wong has confirmed that she has no less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules during the year ended 31 December 2020.

COMPLIANCE OFFICER

Pursuant to the code provision 5.19 of the GEM Listing Rules, the Company must ensure that, at all times, one of its executive Directors assumes responsibility for acting as the Company's compliance officer. Mr. Foo Moo Teng, an executive Director, is acting as the compliance officer of the Group. Please refer to section headed "Biographical Details of Directors and Senior Management" on page 7 of this report for further details.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting ("EGM")

Pursuant to Article 12 of the amended and restated Memorandum and Article of Association (the "Amended and Restated M&A") of the Company, the Board may, whenever it thinks fit, convene an EGM. General meetings shall also be convened on the written requisition of any two or more members of the Company ("Members") deposited at the principal place of office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such principal office, the registered office specifying the objects of the meeting are signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further twenty one days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures of putting enquiries to the Board

The Members' requisition, as stated above, must state the objects of the meeting and must be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong. It may consist of several documents in like form each signed by one or more requisitionists.

Procedures of putting forward proposals at shareholders' meeting

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Amended and Restated M&A, the Shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

INVESTOR RELATIONS

The Company has established a range of channels to maintain effective communication between the Company itself, Shareholders and potential investors by the following ways:

(i) the publication of quarterly, interim and annual reports;

(ii) regular AGM or EGM which provide a platform for Shareholders to exchange opinions with the Board;

(iii) the publication of updated and key information of the Group on the websites of GEM and the Company; and

(iv) the offer of the enquiry page on the website of the Company.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency and has established a shareholders communication policy between itself, its Shareholders and investors which aims to set out the principles of the Company in relation to the shareholders' communications. The policy will be under review from time to time in order to ensure its effectiveness. The Board is committed to provide clear and detailed information of the Group to Shareholders through the publication of quarterly, interim and annual reports and/or despatching circulars, notices, and other announcements on a timely and regular basis.

Shareholders may at any time send their enquiries either by post, by facsimiles or by email, together with their contact details, such as postal address, email or fax, to the principal place of business of the Company in Hong Kong at the following address, facsimile number or via email:

Unit 1161, Tower 2
Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong
Fax: +852 3975 3361
Email: contact@nexion.com.hk

CONSTITUTIONAL DOCUMENTS

The Company adopted the Amended and Restated M&A on 31 May 2017 which became effective on the date on which the Company's shares are listed on GEM of the Stock Exchange.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Group's internal control and has conducted a review of the effectiveness of the internal control of the Group annually during year ended 31 December 2020 by:

(i) identifying, assessing and managing the risks associated with the Group's operations from time to time to ensure due compliance with laws and regulations applicable to the Group;

(ii) overseeing the implementation of relevant internal control policies; and

(iii) reviewing the effectiveness of the Group's risk management and internal control system.

In addition to the Code of Conduct for the directors, the Company has also established written guidelines no less exacting than the Model Code for any employee or director of the Group or the holding company of the Company who, because of his office or employment, is likely to possess inside information in relation to the Company or its securities employees in respect of their dealings in the Company's securities, and the procedures and internal controls for handling and dissemination of inside information.

As the corporate and operation structure of the Group is not complex and a separate internal audit department may divert resources of the Group, the Group currently does not have an internal audit department. However, the Group has engaged an independent internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review. The Board and the Audit Committee would review the need for an internal audit function on an annual basis.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020. The Board and the Audit Committee considered the risk and management and internal control systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

It should be acknowledged that the Group's risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives at the reasonable level, but not absolute assurance against material misstatement or loss.

On behalf of the Board
Foo Moo Teng
Chairman

Hong Kong, 24 March 2021

Report of the Directors

The Directors submit herewith their report together with the audited consolidated financial statements of the Company for the year ended 31 December 2020.

PRINCIPAL PLACE OF BUSINESS

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 in Hong Kong, Singapore and the PRC are Unit 1161, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong, Unit #10–03, Novelty BizCentre, 18 Howard Road, Singapore 369585 and Room 2704, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai, the PRC, respectively.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in provision of cyber infrastructure solutions services, provision of cyber security solutions services and provision of SaaS. The principal activities of its principal subsidiaries are set out in Note 15 to the consolidated financial statements in this report.

BUSINESS REVIEW

The business review and the likely future development of the Group's business for the year ended 31 December 2020 is set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" in pages 5 to 6 and pages 12 to 20 respectively in this report.

PRINCIPAL RISKS AND UNCERTAINTIES

A summary of the principal risks and uncertainties which may impact the Group's financial conditions, results of operations or future performance and how the Group to mitigate these risks is set out below.

This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group, but rather those risks which the Group currently believes may have a significant impact on the Group's performance and future prospects.

Principal risk	Description	Mitigating actions
Strategic risk	Strategic risk is the risk that profitability and/or reputation of the Group could be adversely impacted by failure to anticipate and respond to changes in technologies or needs.	• Regularly discuss with customers to update its needs, and supplies to update available upgrades or new solutions in the market. • Regularly review on strategy and performance of each business unit. • Regularly review forward looking indicators to the information technology industry.

Report of the Directors

Principal risk	Description	Mitigating actions
Personnel risk	Personnel risk is the risk of loss the services of any key management personnel which could have a material adverse effect on the Group's business since the Group is dependent on key management personnel for its operations, profitability and prospects.	• Provide competitive reward and benefit packages that ensure our ability to attract and retain the employees we need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job possible and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations or claims from third parties that the Group is infringing their intellectual property rights could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement any required changes. • Seek legal or other specialist advice as appropriate.
Economic risk	Economic risk is the risk of any downturn in global economic conditions or in any of the markets in which the Group operates may adversely affect its business, financial condition, results of operations and cash flows.	• Regularly review forward looking indicators to identify economic conditions.
Political risk	Political risk is the risk of any political climate in the emerging countries like Laos and Myanmar in which the Group operates may adversely affect its business, financial condition, results of operations and cash flows.	• Monitor changes and developments in the political environment of the emerging countries. • Seek alternative plans to mitigate losses and grasp business opportunities in the emerging countries.
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset, which could also affect cash flow of the Group.	• Fully understand customers and counterparties and carry out credit quality assessment on them before entering into a transaction. • Regularly monitor trade and other receivables and assess for their recoverability.

Further descriptions of the Group's financial risk (including credit risk, foreign currency risk and liquidity risk) management objectives and policies are set out in Note 27 to the consolidated financial statements.

The Group's risk management activities are performed by the Board on an ongoing basis. Further description on the Group's risk management and internal control measures, please refer to the section headed "Risk Management and Internal Control" in page 34 in this report.

An analysis of the Group's performance during the year ended 31 December 2020 using financial key performance indicators is set out in the section headed "Financial Summary" and "Management Discussion and Analysis" on pages 117 to 118 and pages 12 to 20 respectively.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Environmental concerns is an essential issue to be addressed by the Board for the sustainable development of society and the operation of the Group. The Group's operation is not subject to any environmental regulations in Hong Kong, Singapore and the PRC.

The Group has also established an internal policy regarding to the creation of environmental friendly environment for employees to follow. The internal policy will be reviewed along with the employees' feedback, business development and latest legislations and regulations regularly.

Details of environmental, social and governance policies and performance of the Group will be disclosed in the 2020 Environmental Social and Governance Report to be issued by the Company in accordance with Appendix 20 of the GEM Listing Rules.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

The Group considers employees are the important assets and their contribution is valued at all times. The Group provided competitive remuneration package to attract and retain high quality employees for long term business development. The Group reviews the compensation to employees in accordance with their performances, contributions and the prevailing market practice annually. The Group regularly provides various training to the employees to uphold the high quality and competitive workforce. The Directors believe that the Group has a good relationship with its employees. Up to the date of this annual report, the Group had not experienced any significant problems with its employees or disruption to its operation due to labour disputes nor had it experienced any material difficulties in recruiting or retaining experienced staff.

Customers

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analysis on customer feedback for improvements in the products and services. Comprehensive tests and checks are conducted to ensure the quality of products and services provided. The Group offers a competitive price to customers so as to build up and strengthen the current relationship with customers for potential business opportunities.

Suppliers

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of any production.

Report of the Directors

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 December 2020 and the financial position of the Group as at 31 December 2020 are set out in the consolidated financial statements on pages 53 to 54 of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on pages 117 to 118 of this report.

AGM AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the annual general meeting to be held on 20 May 2021, the register of members of the Company will be closed from 13 May 2021 to 20 May 2021 (both days inclusive) during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 12 May 2021.

CONNECTED/RELATED PARTIES TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 31 December 2020 which is required to be disclosed under the GEM Listing Rules. Related party transactions entered into by the Group during the year ended 31 December 2020, which constitute fully exempt connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules are disclosed in Note 26 to the consolidated financial statements in this report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2020 are set out in Note 21 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders of the Company.

SHARE OPTION SCHEME

The following is a summary of principal terms of the share option scheme (the "Scheme") which was conditionally approved by a resolution of the shareholders of the Company passed on 31 May 2017 and became unconditional upon the listing of the Company's shares on the Stock Exchange. The principal terms of the Scheme are set out in the paragraph headed "Share Option Scheme" under the section headed "Statutory and General Information" of the Prospectus.

The purpose of the Scheme is to reward any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group (the "Participants"), who have contributed to the Group and to encourage Participants to work towards maximising the value of the Company and the shares for the benefit of the Company and the Shareholders as a whole.

The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Scheme and any other Schemes of the Group shall not in aggregate exceed 10% of the total number of Shares in issue as at Listing Date, which amounts to 60,000,000 shares. As at the date of this report, the total number of shares available for issue in respect of which options may be granted under the Scheme (including the share options granted but yet to be issued) is 60,000,000 shares, representing 8.33% of the issued shares of the Company as at the date of this report. No options may be granted to any Participant of the Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any twelve-month period up to the date of the latest grant exceeds 1% of the Company's issued shares from time to time. Any further grant of share option in excess of this limit must be separately approved by Shareholders in general meeting.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as determined by the Board and not exceeding ten years from the date of the grant under the Scheme. The offer of the grant of the share option (the "Offer") is deemed to be accepted when the Company receives from the Participants who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) a person entitled to any such option in consequence of the death of the original grantee, or the personal representative of such person (the "Grantee"), the offer letter signed by the Grantee specifying the number of the Shares in respect of which the Offer is accepted, and a remittance to the Company of HK$1 as consideration for the grant of the option. There is no minimum period for which an option must be held before it can be exercised. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than the higher of:

(i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day;

(ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and

(iii) the nominal value of the Company's share on the date on which the option is granted.

The Scheme shall be valid and effective for a period of ten years commencing from the adoption date, which is 31 May 2017. The Company may, by ordinary resolution in a general meeting or, the Board, on such date as the Board determines, terminate the Scheme at any time without prejudice to the exercise of options granted prior to such termination.

During the year ended 31 December 2020, no share option was granted, cancelled, exercised or lapsed pursuant to the Scheme and none of the Directors or chief executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). There was no share option outstanding as at 31 December 2020.

Report of the Directors

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares of the Company during the year ended 31 December 2020.

RESERVE

Details of the movements in reserves of the Group and the Company during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity on pages 55 to 56 of this report and Note 31 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company has share premium and capital reserve of approximately US$10,851,000 *(2019: approximately US$10,851,000)* and approximately US$3,922,000 *(2019: approximately US$3,922,000)* respectively. It is distributable to the shareholders of the Company provided that the Company is able to pay its debts as they fall due in the ordinary course of business. Details of movements in the reserves of the Company during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity on pages 55 to 56 and Note 31 to the consolidated financial statements in this report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2020 were there any rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

BANK LOANS AND OTHER BORROWINGS

No bank loans and other borrowings were entered by the Group as at 31 December 2020.

EQUITY-LINKED AGREEMENT

Save as the share option scheme of the Company, no equity-linked agreement was entered into by the Company or subsisted during the year ended 31 December 2020 which (a) will or may result in the Company issuing shares; or (b) requires the Company to enter into an agreement that will or may result in the Company issuing shares.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

DONATION

During the year ended 31 December 2020, the Group made donation of approximately HK$25,000 (equivalent to approximately US$3,000). The Group did not make any donation with the amount not less than HK$10,000 in accordance with relevant disclosure requirement under Hong Kong Companies Ordinance during the year ended 31 December 2019.

DIRECTORS

The Directors during the year ended 31 December 2020 up to the date of this report were:

Executive directors

Mr. Foo Moo Teng *(Chairman)*
Mr. Roy Ho Yew Kee *(appointed on 2 November 2020)*
Mr. Ong Gim Hai *(appointed on 2 November 2020)*
Mr. Edgardo Osillada Gonzales II *(resigned on 2 November 2020)*
Mr. Shan Baofeng *(resigned on 2 November 2020)*

Independent non-executive directors

Ms. Lim Joo Seng
Mr. Tang Chak Lam Gilbert *(appointed on 2 November 2020)*
Mr. Yeung Chun Yue David *(appointed on 10 September 2020)*
Mr. Chan Ming Kit *(resigned on 2 November 2020)*
Mr. Park Jee Ho *(resigned on 10 September 2020)*

Biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 7 to 9 of this report.

Pursuant to article 16.18 of the Articles, at every AGM of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than, one third) shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Directors appointed pursuant to article 16.2 or article 16.3 of the Articles shall not be taken into account in determining which directors are to retire by rotation. A retiring director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any AGM at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Directors who will retire and, being eligible, offer themselves for re-election as Directors at the 2020 AGM is set out in the section headed "Corporate Governance Report" in pages 24 to 25.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service agreement with the Company with no fixed term. Each of the independent non-executive Directors has entered into an appointment letter with the Company for a fixed term of three years. The service contracts and appointment letters may be terminated in accordance with the terms of the individual service agreement, and is subject to termination provisions therein and retirement and re-election at the AGM in accordance with the Articles or any other applicable laws from time to time whereby he or she shall vacate his office.

None of the Directors has entered into any service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received an annual confirmation of independence from each independent non-executive Director pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers the independent non-executive Directors to meet all independence guidance in Rule 5.09 and to remain independent as at the date of this report.

Report of the Directors

PERMITTED INDEMNITY PROVISION

Pursuant to the article 33 of the Articles, every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted. During the Year, the Company has arranged appropriate insurance cover in respect of claims and legal actions against the directors and its officers.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in shares, underlying shares and Debentures of the Company

As at 31 December 2020, the interests and short positions of the directors or chief executive 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 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 to therein; or (c) pursuant to Rule 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 *(Note 1)*	Capacity/Nature	Number of Shares held/interested in *(Note 2 and 3)*	Percentage of issued share capital
Mr. Foo Moo Teng *(chairman, executive director and chief executive officer)*	Interest in a controlled corporation	154,838,000 (L) 154,838,000 (S)	21.51%

Notes:

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

2. The Letter "L" demonstrates the Directors' long position in the shares of the Company or the relevant associated corporation.

3. The Letter "S" demonstrates the Directors' short position in the shares of the Company or the relevant associated corporation.

Save as disclosed above, as at 31 December 2020, none of the other Directors nor chief executives of the Company have registered an 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 to therein; or (c) pursuant to Rule 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 31 December 2020, so far as known to any director, the following persons (other than the directors and chief executive 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 held/interested in *(Note 1 and 2)*	Percentage of issued share capital
Alpha Sense (BVI)	Beneficial owner	154,838,000 (L) 154,838,000 (S)	21.51%
XOX (Hong Kong) Limited ("XOX Hong Kong") *(Note 3)*	Beneficial owner	117,848,500 (L)	16.37%
XOX Bhd *(Note 3)*	Interested in a controlled corporation	117,848,500 (L)	16.37%
UBS Group AG ("UBS") *(Note 4)*	Beneficial owner	94,570,000 (L)	13.13%

Notes:

1. The Letter "L" demonstrates long position.

2. The Letter "S" demonstrates short position.

3. XOX Hong Kong is an investment holding company incorporated in Hong Kong and is wholly-owned by XOX Bhd. XOX Bhd is a company incorporated in Malaysia, the shares of which are listed on Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange) (stock code: 0165).

4. UBS is an investment holding company incorporated in Switzerland, the shares of which are listed on SIX Swiss Exchange (stock code: UBSG: SW) and on the New York Stock Exchange (stock code: UBS).

Save as disclosed above, as at 31 December 2020, 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.

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Apart from the related party transactions disclosed in Note 26 to the consolidated financial statements in this report, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries, or its holding company was a party and in which a director or an entity connected with a director had a material interest directly or indirectly subsisted at the end of the year or at any time during the year ended 31 December 2020.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs headed "Share Option Scheme" and "Directors and Chief Executives' Interests and Short Positions in shares, Underlying shares and Debentures of the Company" in this annual report, at no time during the year ended 31 December 2020 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors, the Company has maintained the public float as required by the Rule 17.38A of the GEM Listing Rules up to the date of this annual report.

DIRECTORS' EMOLUMENTS AND TOP FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and top five highest paid individuals are set out in Notes 7 and 8 to the consolidated financial statements respectively in this annual report.

No Directors or the top five highest paid individuals have waived or agreed to waive any emoluments during the year ended 31 December 2020 *(2019: Nil)*.

HUMAN RESOURCES AND EMOLUMENT POLICY

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed in a regular basis. The Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group in accordance with the Group's performance during the year ended 31 December 2020.

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company maintains a share option scheme to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Please refer to the paragraphs headed "Share Option Scheme" in this report for details of such scheme.

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to the employees have contributed to building good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge, which are believed to increase the productivity and efficiency.

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEME

Details of contributions to the retirement benefits scheme of the Group are set out in Notes 2 and 6 to the consolidated financial statements in this report.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company or any of its subsidiaries had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the Group made approximately 72.9% *(2019: approximately 78.3%)* of its entire sales to Group's five largest customers and sales to the largest customer included therein amounted to approximately 55.6% *(2019: approximately 41.1%)*. Purchases from the Group's five largest suppliers accounted for approximately 71.4% *(2019: approximately 95.8%)* of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 20.4% *(2019: approximately 37.5%)*.

None of the Directors, their close associates, or any shareholder of the Company (which to the knowledge of the directors own more than 5% of the issued shares of the Company) had an interest in the Group's five largest customers and suppliers.

INTERESTS IN COMPETING BUSINESS

Alpha Sense (BVI) and Mr. Foo, the controlling shareholders up to 13 October 2020, when Alpha Sense (BVI) is no longer be the controlling shareholder upon completion of the disposal of 117,848,500 or approximately 16.37% of the Shares as covenantors had entered into a deed of non-competition ("Deed of Non-Competition") dated 31 May 2017 in favour of the Company (for itself and as trustee for the subsidiaries). Details of the Deed of Non-Competition have been disclosed in the Prospectus.

During the year ended 31 December 2020 and up to the date of this annual report, none of the controlling shareholders, Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competed or might compete with the business of the Group.

NON-COMPETITION UNDERTAKING

The Company has received an annual confirmation from Alpha Sense (BVI) and Mr. Foo in respect of its compliance with the non-competition undertakings under the Deed of Non-Competition throughout the period from the listing date up to 13 October 2020. The independent non-executive Directors have also reviewed the compliance with the non-competition undertakings under the Deed of Non-Competition by the controlling shareholders and confirmed that the controlling shareholders have not been in breach of the Deed of Non-Competition from the Listing Date up to the date of this report.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 21 to 34 of this report.

Report of the Directors

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less strict 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. The Company also made specific enquiry with Directors and the Company was not aware of any non-compliance with the required standard as set out in the Code of Conduct from the Listing Date to 31 December 2020.

COMPLIANCE WITH LAW AND REGULATIONS

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Singapore, Hong Kong and the PRC during the year. The Group also complies with the requirements under the Companies Law of the Cayman Islands, the GEM Listing Rules and the SFO for the disclosure of information and corporate governance.

AUDITOR

The consolidated financial statements for the years ended 31 December 2020 and 2019 have been audited by independent auditor, Mazars CPA Limited, who will retire, and being eligible, offer themselves for re-appointment. A resolution for Mazars CPA Limited's re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Foo Moo Teng
Chairman

Hong Kong, 24 March 2021

Independent Auditor's Report

MAZARS CPA LIMITED
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To the members of
Nexion Technologies Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Nexion Technologies Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 116, which comprise the consolidated statement of financial position of the Group as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of revenue from provision of cyber infrastructure solutions, cyber security solutions and software as a service ("SaaS") *Refer to significant accounting policy in Note 2 and the disclosure of revenue in Note 4 to the consolidated financial statements*	
The Group's revenue is principally generated through the Group's cyber infrastructure solutions, cyber security solutions and SaaS which 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 at point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the customers' acceptance of the integrated solution is signed and the risks and rewards of the ownership transferred. The Group's revenue for the year ended 31 December 2020 amounted to approximately US$8,633,000 *(2019: approximately US$5,815,000)* of which approximately US$871,000, US$258,000 and US$7,504,000 *(2019: approximately US$1,308,000, US$2,055,000 and US$2,452,000)* was generated from cyber infrastructure solutions, cyber security solutions and SaaS, respectively. There is an inherent risk that revenue may be inappropriately recognised when the performance obligations for revenue recognition have not yet been satisfied. We identified this matter as a key audit matter because revenue is a key performance indicator of the Group and it is significant to the consolidated financial statements as a whole.	Our procedures, among others, included: a) assessing the design, implementation and operating effectiveness of the Group's key internal controls over the accuracy and timing of revenue recognition; b) inspecting key contract terms, including the payment terms, as stipulated in sales contracts, on a sample basis, to assess the appropriateness of the Group's revenue recognition accounting policies, with reference to the requirements of the prevailing accounting standards; c) comparing, on a sample basis, sales transactions recorded during the year with underlying documents, including sales contracts, sales invoices, goods delivery notes and user acceptance test (if applicable) signed by customers in assessing the business substance of the underlying transactions and whether the related revenue has been recognised in accordance with the Group's revenue recognition accounting policies; d) comparing, on a sample basis, sales transactions recorded just before and after the end of the reporting period with underlying documents as evidence of acceptance to assess whether the related revenue was recorded in the appropriate financial period; and e) inspecting underlying documents for journal entries which considered to be material or have met other specified risk-based criteria.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of property, plant and equipment *Refer to significant accounting policy and critical accounting estimate and judgement in Note 2 and the disclosures of the property, plant and equipment in Note 12 to the consolidated financial statements, respectively*	
At 31 December 2020, the Group revalued its building of approximately US$1,149,000, which is under property, plant and equipment, measured at revaluation model. The fair value was determined by the Group with reference to the valuations performed by an independent professional valuer engaged by the Group. We identified this matter to be a key audit matter because of its significance to the consolidated financial statements, and the significant judgements and estimates involved in the valuation including the determination of valuation techniques and different inputs in the models.	Our procedures, among others, included: a) evaluating the competence, capabilities and objectivity of the independent professional valuer; b) understanding the valuation processes and methodologies, the performance of the property market, significant assumptions adopted, critical judgemental area used in the valuation of property, plant and equipment; and c) evaluating the reasonableness of the methodologies and assumptions used in the valuation.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability assessment of trade and other receivables *Refer to significant accounting policy and critical accounting estimate and judgement in Note 2 and the disclosures of trade and other receivables in Note 18 and the disclosures of the financial risk management – credit risk in Note 27 to the consolidated financial statements*	
At 31 December 2020, the Group had trade and other receivables of approximately US$3,053,000 *(2019: approximately US$5,664,000)*, net of loss allowances of approximately US$1,171,000 *(2019: approximately US$588,000)*. In particular, other receivables included investment deposits refundable and receivables on disposal of the subsidiaries of approximately US$384,000 and US$232,000 *(2019: approximately US$583,000 and US$410,000)*, respectively. Management performed credit evaluations for the Group's debtors and assessed expected credit losses of trade and other receivables. These assessments were focused on the debtors' settlement record and their current repayment ability, and also took into account information specific to respective debtor as well as pertaining to the economic environment in which the debtor operates. We identified this matter as a key audit matter because the balances are material to the Group and significant degree of judgements were made by the management in assessing the credit standing of the Group's debtors and therefore the estimation of expected credit losses of trade and other receivables.	Our procedures, among others, included: a) obtaining management's assessment of expected credit losses of trade and other receivables and assessed the reasonableness of the key underlying information referenced by the management; b) checking and assessing whether the loss allowance was properly supported by considering available forward-looking information, the debtors' ageing analysis, settlement record and history of default; and c) in respect of receivables of individual debtor which had not been identified by management as potentially impaired, corroborating management's assessment with the external evidence obtained (e.g. public information available to us), our examination of the debtors' payment records during the current year and subsequent to the end of the reporting period, as well as the historical collection records.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2020 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 24 March 2021

The engagement director on the audit resulting in this independent auditor's report is:

Fong Chin Lung
Practising Certificate number: P07321

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Revenue	4	**8,633**	5,815
Other income	5	**362**	158
Cost of inventories sold		**(497)**	(722)
Staff costs and related expenses	6	**(912)**	(1,243)
Subcontracting fee		**(7,045)**	(616)
Sales and marketing expenses		**(564)**	(1,679)
Depreciation and amortisation		**(1,624)**	(1,153)
Impairment loss on property, plant and equipment	12	**(282)**	–
Impairment loss on intangible assets	14	**(964)**	–
Impairment loss on trade and other receivables	27	**(983)**	(588)
General and administrative expenses		**(2,213)**	(2,101)
Loss before income tax	6	**(6,089)**	(2,129)
Income tax credit	9	**220**	24
Loss for the year		**(5,869)**	(2,105)
Other comprehensive (loss) income			
Item that will not be reclassified to profit or loss			
Change in fair value of financial assets at Designated FVOCI		**(17)**	(81)
Items that may be reclassified subsequently to profit or loss			
Release of exchange reserve upon disposal of subsidiaries	24	**(3)**	77
Exchange difference arising on translation of foreign operations		**48**	16
Other comprehensive income for the year		**28**	12
Total comprehensive loss for the year		**(5,841)**	(2,093)
Loss for the year attributable to:			
Equity holders of the Company		**(5,713)**	(2,105)
Non-controlling interests		**(156)**	–
		(5,869)	(2,105)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(5,709)**	(2,093)
Non-controlling interests		**(132)**	–
		(5,841)	(2,093)
Loss per share for loss attributable to equity holders of the Company, basic and diluted (US cents)	10	**(0.79)**	(0.33)

Consolidated Statement of Financial Position

At 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Non-current assets			
Property, plant and equipment	12	1,454	2,681
Investment property	13	–	1,149
Intangible assets	14	2,198	2,034
Financial assets at Designated FVOCI	16	–	17
Other receivable	18	–	205
		3,652	6,086
Current assets			
Inventories	17	1	–
Trade and other receivables	18	3,053	5,459
Bank balances and cash		5,191	6,191
		8,245	11,650
Current liabilities			
Trade and other payables	19	2,098	2,294
Income tax payable		76	153
		2,174	2,447
Net current assets		6,071	9,203
Total assets less current liabilities		9,723	15,289
Non-current liabilities			
Other payable	19	350	–
Deferred tax liabilities	20	1	144
		351	144
NET ASSETS		9,372	15,145
Capital and reserves			
Share capital	21	923	923
Reserves		8,512	14,221
Equity attributable to equity holders of the Company		9,435	15,144
Non-controlling interests		(63)	1
TOTAL EQUITY		9,372	15,145

These consolidated financial statements on pages 53 to 116 were approved and authorised for issue by the Board of Directors on 24 March 2021 and signed on its behalf by

Foo Moo Teng
Director

Ong Gim Hai
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Attributable to equity holders of the Company									
	Share capital *US$'000* *(Note 21)*	Share premium *US$'000* *(Note 22)*	Capital reserve *US$'000* *(Note 22)*	Exchange reserve *US$'000* *(Note 22)*	Statutory Reserve *US$'000* *(Note 22)*	Fair value reserve *US$'000* *(Note 22)*	Accumulated profits *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total *US$'000*
At 1 January 2019	769	8,730	650	(72)	121	(615)	6,311	15,894	–	15,894
Loss for the year	–	–	–	–	–	–	(2,105)	(2,105)	–	(2,105)
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)	–	(81)
Items that are classified or may be reclassified subsequently to profit or loss										
Release of exchange reserve upon disposal of a subsidiary *(Note 24)*	–	–	–	77	–	–	–	77	–	77
Exchange difference arising on translation of foreign operations	–	–	–	16	–	–	–	16	–	16
Total comprehensive income (loss) for the year	–	–	–	93	–	(81)	(2,105)	(2,093)	–	(2,093)
Release of statutory reserve upon disposal of a subsidiary *(Note 24)*	–	–	–	–	(121)	–	121	–	–	–
Transactions with owners:										
Contributions and distributions										
Issue of shares upon placing of shares *(Note 21)*	154	1,189	–	–	–	–	–	1,343	–	1,343
Changes in ownership interests										
Disposal of interests in a subsidiary without change of control *(Note 25)*	–	–	–	–	–	–	–	–	1	1
Total transactions with owners	154	1,189	–	–	–	–	–	1,343	1	1,344
At 31 December 2019	923	9,919	650	21	–	(696)	4,327	15,144	1	15,145

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Attributable to equity holders of the Company								
	Share Capital *US$'000* *(Note 21)*	Share premium *US$'000* *(Note 22)*	Capital reserve *US$'000* *(Note 22)*	Exchange Reserve *US$'000* *(Note 22)*	Fair value reserve *US$'000* *(Note 22)*	Accumulated profits (losses) *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total *US$'000*
At 1 January 2020	923	9,919	650	21	(696)	4,327	15,144	1	15,145
Loss for the year	–	–	–	–	–	(5,713)	(5,713)	(156)	(5,869)
Other comprehensive loss:									
Item that will not be reclassified to profit or loss									
Change in fair value of financial assets at Designated FVOCI	–	–	–	–	(17)	–	(17)	–	(17)
Items that are classified or may be reclassified subsequently to profit or loss									
Release of exchange reserve upon disposal of a subsidiary *(Note 24)*	–	–	–	(3)	–	–	(3)	–	(3)
Exchange difference arising on translation of foreign operations	–	–	–	24	–	–	24	24	48
Total comprehensive income (loss) for the year	–	–	–	21	(17)	(5,713)	(5,709)	(132)	(5,841)
Release of fair value reserve upon disposal of a subsidiary *(Note 24)*	–	–	–	–	713	(713)	–	–	–
Transactions with owners:									
Changes in ownership interests									
Capital injection from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	155	155
Acquisition of additional interests in a subsidiary *(Note 25)*	–	–	–	–	–	–	–	(1)	(1)
Total transactions with owners	–	–	–	–	–	–	–	154	154
Disposal of subsidiaries *(Note 24)*	–	–	–	–	–	–	–	(86)	(86)
At 31 December 2020	923	9,919	650	42	–	(2,099)	9,435	(63)	9,372

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	**2020** **US$'000**	2019 US$'000
OPERATING ACTIVITIES			
Cash (used in) generated from operations	*23*	**(611)**	1,355
Income tax paid		**–**	(572)
Net cash (used in) from operating activities		**(611)**	783
INVESTING ACTIVITIES			
Interest received		**50**	89
Acquisition of property, plant and equipment		**(6)**	(1,275)
Additions to intangible assets		**(1,489)**	(1,824)
Proceeds from disposal of investment property	*13*	**1,119**	–
Net cash outflow on disposal of subsidiaries	*24*	**(211)**	(729)
Net cash used in investing activities		**(537)**	(3,739)
FINANCING ACTIVITIES			
Net proceeds from issue of shares upon placing of shares	*21*	**–**	1,343
Capital injection from non-controlling interests of a subsidiary		**155**	–
Net cash from financing activities		**155**	1,343
Net decrease in cash and cash equivalents		**(993)**	(1,613)
Cash and cash equivalents at the beginning of the reporting period		**6,191**	7,818
Effect of foreign exchange rate changes, net		**(7)**	(14)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash		**5,191**	6,191

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

1. CORPORATE INFORMATION

Nexion Technologies Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2016. The Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (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 in Singapore and the People's Republic of China (the "PRC") is situated at Unit #10-03, Novelty BizCentre, 18 Howard Road, Singapore 369585 and Room 2704, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai, the PRC, respectively.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (the "Group") are principally engaged in provision of cyber infrastructure solutions services, provision of cyber security solutions services, and software-as-a-service ("SaaS").

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have 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 and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year or the Group elected to early adopted in the current year.

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs:

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	Covid-19-Related Rent Concessions

Amendments to IASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across IFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised IFRSs *(Continued)*

Amendments to IAS 39, IFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 3: Definition of a Business

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 16: Covid-19-Related Rent Concessions

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of accumulated profits and therefore the comparative information has not been restated.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for building, investment property and financial assets at Designated FVOCI, which are measured at fair value as explained in the accounting policies set out below.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. 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. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 as set out in Note 31 to the consolidated financial statements, investments in subsidiaries 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, other than building, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property 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.

Building is stated at revalued amount, being the fair value at the date of valuation less accumulated depreciation and accumulated impairment losses. Fair value is determined by independent valuation which is performed annually. Increases in valuation are credited to the property revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same asset and are thereafter charged to profit or loss. Any subsequent increases are credited to profit or loss up to the amount previously charged and thereafter to property revaluation reserve.

Depreciation is provided to write off the cost or valuation less accumulated impairment losses of property, plant and equipment, over their estimated useful lives at the annual rate/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:

Building	50 years
Computer equipment	3 years
Furniture, fixtures and office equipment	3 years
Leasehold improvements	3 years

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.

If a property occupied by the Group as an owner-occupied property becomes an investment property measured at fair value, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation surplus or deficit.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are buildings that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions and is adjusted for separately recognised assets or liabilities to avoid double-counting assets or liabilities.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 asset) is included in profit or loss in the year in which the item is derecognised.

Intangible assets

Research and development costs – finite useful lives

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.

Research and development costs – indefinite useful lives

The initial cost of internally developed technologies is capitalised. Internally developed technologies with indefinite useful lives is carried at cost less accumulated impairment losses as the directors of the Company (the "Directors") consider that there is no foreseeable limit on the period of time over which the internally developed technologies can be used to generate economic benefits.

Purchased software copyrights – finite useful lives

The initial cost of acquiring software copyrights is capitalised. Software copyrights are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives of 3 years.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis, except for financial asset at Designated FVOCI which are accounted for on the settlement 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.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity instrument measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables and bank balances and cash.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

***Financial assets** (Continued)*

2) *Designated FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss.

The Group's financial assets at Designated FVOCI include equity securities listed in Hong Kong not held for trading.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

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 liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

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

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with IFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument, the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

No financial instruments are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement 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.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

- Cyber infrastructure solutions and cyber security solutions
- Maintenance and support service
- SaaS

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within IFRS 15 *(Continued)*

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from cyber infrastructure solutions, cyber security solutions and SaaS 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 at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the customers' acceptance of the integrated solution system is signed and the risks and rewards of the ownership transferred.

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

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within IFRS 15 *(Continued)*

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Performance obligation: warranties

Sales-related warranties associated with cyber infrastructure solutions, cyber security solutions and SaaS cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for the warranties in accordance with IAS 37.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Contract assets and contract liabilities *(Continued)*

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For cyber infrastructure solutions, cyber security solutions and SaaS, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

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 Company's functional currency is Hong Kong dollars ("HK$"), while the consolidated financial statements are presented in United States dollars ("US$") because the Group's transactions are mainly conducted in US$, which is the functional currency of the major subsidiaries of the Group. The management considers it is more appropriate to adopt US$ as the Group's and the Company's presentation currency.

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

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 the 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.
- 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.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

- 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.

- 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 the Group's property, plant and equipment and intangible assets and the Company's investments in subsidiaries 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 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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. 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.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

***As lessee** (Continued)*

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee *(Continued)*

A lease modification is accounted for as a separate lease if

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

The Group has applied the practical expedient provided in Amendments to IFRS 16: Covid-19-Related Rent Concessions and does not assess whether eligible rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

***As lessee** (Continued)*

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave 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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. 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 the 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.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(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).

    (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.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) (Continued)

(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 consolidated financial statements, are identified from the consolidated financial statements 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 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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. 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.

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.

Revaluation of building

At 31 December 2020, the Group's building with carrying amount of approximately US$1,149,000 *(2019: approximately US$1,149,000)* are stated at revalued amount based on the valuation carried out by an independent professional valuer with reference to recent market transaction prices at the end of reporting period and/or market rental value for similar properties at similar locations, adjusted for certain estimates of market conditions.

In determining the fair value of the building, the valuer has based on a method of valuation which involves, inter alia, sales price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of each reporting period. Particular of the valuation of building of the Group is set out in Note 12 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Identification of leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the requirements of IFRS 16 and all the relevant facts and circumstances. In particular, the Group assesses whether the contract involves the use of an identified asset by applying the concept of substantive substitution right. Also, the Group assesses whether the Group or the customer has the right to direct the use of the identified asset with reference to determination of which party has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where such decisions are predetermined, the right to operate the asset or the incorporation of such decisions by means of designing the asset are considered.

Loss allowance for ECL

The Group's management estimates the loss allowance for trade receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables.

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.

Revenue recognition

The Group recognised revenue from cyber infrastructure solutions, cyber security solutions and SaaS at point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the customers' acceptance of the integrated solution is signed and the risks and rewards of the ownership transferred. The identification and completion of performance obligations for each contract requires the use of judgement and estimates.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Future changes in IFRSs

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to IAS 16	Proceeds before Intended Use[2]
Amendments to IAS 37	Cost of Fulfilling a Contract[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Annual Improvements to IFRSs	2018–2020 Cycle[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Disclosures of Accounting Policies[3]
Amendments to IAS 8	Disclosures of Accounting Estimates[3]
IFRS 17	Insurance Contracts[3]
Amendments to IFRS 10 and IAS 28	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 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 The effective date to be determined

The management of the Group do not anticipate that the adoption of these new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision-makers. The executive directors of the Company 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 of the Company consider that the operating segments of the Group comprise (i) cyber infrastructure solutions including maintenance and support service income; (ii) cyber security solutions; and (iii) SaaS.

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 directors of the Company consider that the Group's place of domicile is Singapore, where the central management and control is located.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

3. SEGMENT INFORMATION *(Continued)*

The segment information provided to the executive directors of the Company for the reportable segments for the years ended 31 December 2020 and 2019 is as follows:

	Cyber infrastructure solutions *US$'000*	Cyber security solutions *US$'000*	SaaS *US$'000*	Total *US$'000*
Year ended 31 December 2020				
Revenue from external customers and reportable segment revenue	**871**	**258**	**7,504**	**8,633**
Reportable segment results (Adjusted EBITDA)	**(491)**	**(1,333)**	**(417)**	**(2,241)**
Other information:				
Impairment loss on trade receivables	**–**	**400**	**–**	**400**
Impairment loss on property, plant and equipment and intangible assets	**282**	**964**	**–**	**1,246**
Write-off of property, plant and equipment	**94**	**–**	**–**	**94**
Depreciation and amortisation	**832**	**789**	**3**	**1,624**
Loss (Gain) on disposal of subsidiaries	**–**	**3**	**(89)**	**(86)**
Year ended 31 December 2019				
Revenue from external customers and reportable segment revenue	1,308	2,055	2,452	5,815
Reportable segment results (Adjusted EBITDA)	396	1,393	496	2,285
Other information:				
Impairment loss on trade receivables	5	–	–	5
Depreciation and amortisation *(Remark)*	718	419	–	1,137
Loss on disposal of a subsidiary	481	–	–	481

3. SEGMENT INFORMATION *(Continued)*

Reconciliation of reportable segment results

	2020 US$'000	2019 US$'000
Reportable segment results (Adjusted EBITDA)	**(2,241)**	2,285
Interest income	**50**	89
Depreciation and amortisation	**(1,624)**	(1,153)
Impairment loss on trade and other receivables	**(983)**	(588)
Unallocated expenses	**(1,291)**	(2,762)
Loss before income tax	**(6,089)**	(2,129)
Income tax credit	**220**	24
Loss for the year	**(5,869)**	(2,105)

Remark: Unallocated depreciation to reportable segments amounted to approximately US$16,000 for the year ended 31 December 2019.

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 property and intangible assets (the "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 and investment property, the location of operation to which they are located; in the case of intangible assets, the location of operations).

(a) Revenue from external customers

	2020 US$'000	2019 US$'000
Hong Kong	**76**	689
Malaysia	**–**	1,207
Myanmar	**383**	419
The PRC	**7,504**	2,452
Philippines	**148**	438
Singapore	**341**	448
South Korea	**27**	27
Taiwan	**154**	135
	8,633	5,815

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

3. SEGMENT INFORMATION *(Continued)*

Information about geographical areas *(Continued)*

(b) Specified non-current assets

	2020 US$'000	2019 US$'000
Hong Kong	**35**	58
Singapore	**1,413**	5,292
The PRC	**2,204**	514
	3,652	5,864

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group for the years ended 31 December 2020 and 2019 is as follows:

	2020 US$'000	2019 US$'000
– SaaS		
Customer A	**5,078**	–
Customer B	***Note***	2,390
– Cyber security solutions		
Customer C	***Note***	1,207
Customer D	***Note***	583

Note: The customer contributed less than 10% of the total revenue of the Group for the respective year.

4. REVENUE

	2020 US$'000	2019 US$'000
Revenue from contracts with customers within IFRS 15		
– At a point in time		
Cyber infrastructure solutions	**644**	1,058
Cyber security solutions	**258**	2,055
SaaS	**7,504**	2,452
– Over time		
Maintenance and support service income	**227**	250
	8,633	5,815

5. OTHER INCOME

	2020	2019
	US$'000	*US$'000*
Exchange gain, net	**31**	6
Gain on disposal of subsidiaries, net *(Note 24)*	**86**	–
Government grants *(Note)*	**163**	39
Interest income	**50**	89
Rental income	**31**	22
Others	**1**	2
	362	158

Note: In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE INCOME TAX

This is stated after charging (crediting):

	2020	2019
	US$'000	*US$'000*
Staff costs and related expenses (including directors' remuneration):		
Salaries, allowances and other benefits	**981**	1,041
Retention fee for a non-director individual	**–**	376
Contributions to defined contribution plans	**69**	57
	1,050	1,474
Less: Staff costs capitalised as "Intangible Assets"	**(138)**	(231)
	912	1,243
Other items		
Auditor's remuneration	**103**	99
Amortisation of intangible assets	**747**	404
Depreciation of property, plant and equipment	**877**	749
Fair value loss in investment property	**–**	46
Loss on disposal of investment property	**37**	–
(Gain) loss on disposal of a subsidiaries, net *(Note 24)*	**(86)**	481
Loss on deregistration of a subsidiary	**–**	13
Research and development expenses	**80**	81
Short-term lease payments on premises	**34**	50
Write-off of property, plant and equipment	**94**	–
Write-down of inventories	**–**	35

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Year ended 31 December 2020

7. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the following directors were as follows:

	Directors' fees US$'000	Salaries and allowances US$'000	Discretionary bonus US$'000	Contributions to defined contribution plans US$'000	Total US$'000
Year ended 31 December 2020					
Executive directors:					
Mr. Foo Moo Teng *(Chairman and chief executive officer)*	**–**	**104**	**9**	**10**	**123**
Mr. Ong Gim Hai[3]	**–**	**2**	**–**	**–**	**2**
Mr. Roy Ho Yew Kee[3]	**–**	**2**	**–**	**–**	**2**
Mr. Edgardo Osillada Gonzales II[4]	**–**	**61**	**–**	**–**	**61**
Mr. Shan Baofeng[4]	**–**	**38**	**–**	**–**	**38**
Independent non-executive directors:					
Mr. Chan Ming Kit[4]	**14**	**–**	**–**	**–**	**14**
Ms. Lim Joo Seng	**17**	**–**	**–**	**–**	**17**
Mr. Park Jee Ho[2]	**12**	**–**	**–**	**–**	**12**
Mr. Tang Chak Lam Gilbert[3]	**3**	**–**	**–**	**–**	**3**
Mr. Yeung Chun Yue David[1]	**4**	**–**	**–**	**–**	**4**
	50	**207**	**9**	**10**	**276**
Year ended 31 December 2019					
Executive directors:					
Mr. Foo Moo Teng *(Chairman and chief executive officer)*	–	88	7	10	105
Mr. Edgardo Osillada Gonzales II	–	122	6	–	128
Mr. Shan Baofeng[5]	–	19	–	–	19
Independent non-executive directors:					
Mr. Chan Ming Kit	22	–	–	–	22
Ms. Lim Joo Seng	22	–	–	–	22
Mr. Park Jee Ho	22	–	–	–	22
	66	229	13	10	318

1 Appointed on 10 September 2020
2 Resigned on 10 September 2020
3 Appointed on 2 November 2020
4 Resigned on 2 November 2020
5 Appointed on 31 July 2019

7. DIRECTORS' EMOLUMENTS *(Continued)*

During the years ended 31 December 2020 and 2019, 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. No directors waived or agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

8. FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals, one director who resigned during the year but continued to be employed as employee of the Group and one is director whose emoluments are disclosed above *(2019: two are directors whose emoluments are disclosed above)*. An analysis of the five highest paid individuals during the years ended 31 December 2020 and 2019 is as follows:

	Number of individuals	
	2020	2019
Director	**2**	2
Non-director	**3**	3
	5	5

Details of the remuneration of the emoluments in respect of the five highest paid individuals are as follows:

	2020 *US$'000*	2019 *US$'000*
Salaries and allowances	**444**	455
Discretionary bonus	**64**	37
Retention fee for a non-director individual	**–**	376
Contributions to defined contribution plans	**22**	22
	530	890

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

	2020	2019
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	1
	5	5

Save as disclosed above, during the years ended 31 December 2020 and 2019, no remuneration was paid by the Group to any of these highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. None of these highest paid individuals waived or has agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

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9. INCOME TAX CREDIT

	2020 *US$'000*	2019 *US$'000*
Current tax		
Singapore corporate income tax		
Over-provision in prior years	**77**	18
Deferred tax *(Note 20)*	**143**	6
Total income tax credit for the year	**220**	24

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 during the years ended 31 December 2020 and 2019.

The Group's subsidiaries established in the PRC are subject to enterprise income tax ("EIT") at 25% *(2019: 25%)* of the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. No provision for EIT has been made as the Group incurred a loss for taxation purposes during the years ended 31 December 2020 and 2019.

Singapore corporate income tax ("CIT") is calculated at 17% *(2019: 17%)* of the estimated assessable profits with CIT rebate of 25% *(2019: 25%)*, capped at Singapore Dollars ("SG$") 15,000 *(2019: SG$15,000)* for the year ended 31 December 2020. Singapore incorporated companies can also enjoy 75% *(2019: 75%)* tax exemption on the first SG$10,000 *(2019: SG$10,000)* of normal chargeable income and a further 50% tax exemption on the next SG$190,000 *(2019: SG$190,000)* of normal chargeable income during the year ended 31 December 2020.

Reconciliation of income tax credit

	2020 *US$'000*	2019 *US$'000*
Loss before income tax	**(6,089)**	(2,129)
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	**(1,063)**	(313)
Non-deductible expenses	**519**	163
Tax exempt revenue	**(10)**	(15)
Unrecognised tax losses	**441**	163
Over-provision in prior years	**(77)**	(18)
Others	**(30)**	(4)
Income tax credit	**(220)**	(24)

10. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to equity holders of the Company are based on the following information:

	2020	2019
	US$'000	*US$'000*
Loss for the year attributable to the owners of the Company, used in basic and diluted loss per share calculation	**(5,713)**	(2,105)

	Number of shares ('000)	
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**720,000**	634,192

Diluted loss per share are same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the years ended 31 December 2020 and 2019.

11. DIVIDENDS

The directors of the Company did not recommend a payment of a final dividend for the year ended 31 December 2020 *(2019: Nil)*.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *US$'000*	Furniture, fixtures and office equipment *US$'000*	Computer equipment *US$'000*	Building *US$'000*	Total *US$'000*
Reconciliation of carrying amount – Year ended 31 December 2019					
At 1 January 2019	–	1	1,026	–	1,027
Additions	12	11	1,252	–	1,275
Transfer from investment property *(Note 13)*	–	–	–	1,149	1,149
Depreciation	(1)	(1)	(747)	–	(749)
Disposal of subsidiaries *(Note 24)*	–	(1)	(19)	–	(20)
Exchange alignment	–	–	(1)	–	(1)
At 31 December 2019	11	10	1,511	1,149	2,681
Reconciliation of carrying amount – Year ended 31 December 2020					
At 1 January 2020	**11**	**10**	**1,511**	**1,149**	**2,681**
Additions	**–**	**1**	**5**	**–**	**6**
Depreciation	**(4)**	**(4)**	**(846)**	**(23)**	**(877)**
Write-off	**–**	**–**	**(94)**	**–**	**(94)**
Impairment loss	**–**	**–**	**(282)**	**–**	**(282)**
Disposal of subsidiaries *(Note 24)*	**–**	**–**	**(2)**	**–**	**(2)**
Exchange alignment	**–**	**–**	**(1)**	**23**	**22**
At 31 December 2020	**7**	**7**	**291**	**1,149**	**1,454**
At 31 December 2019					
Cost or valuation	12	18	2,800	1,149	3,979
Accumulated depreciation	(1)	(8)	(1,289)	–	(1,298)
Net book value	11	10	1,511	1,149	2,681
At 31 December 2020					
Cost or valuation	**12**	**19**	**2,576**	**1,149**	**3,756**
Accumulated depreciation and impairment losses	**(5)**	**(12)**	**(2,285)**	**–**	**(2,302)**
Net book value	**7**	**7**	**291**	**1,149**	**1,454**

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

a) Revaluation of building

At the end of the reporting period, the building (located in Singapore) was revalued by Real Estate Analytics Pte Ltd *(2019: SRX Valuations)*, an independent professional qualified valuer with appropriate qualification and recent experience in the valuation of similar properties in the relevant location. The valuation, which conforms to the International Valuation Standards, was conducted using direct comparison approach by making reference to comparable sales evidence as available in the relevant market. Sales prices of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size, was used to value the properties. The most significant input into this valuation approach is price per square foot. At 31 December 2020, the carrying amount of the building was approximately US$1,149,000 *(2019: approximately US$1,149,000)*.

In estimating the fair value of the building, the highest and best use of building is the current use. The management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group engages third party qualified valuer to perform the valuation of the Group's building. At the end of each reporting period, the management of the Group works closely with the qualified external valuer to establish and determine the appropriate valuation techniques and inputs for Level 2 fair value measurement.

Building is classified as Level 2 under fair value hierarchy at 31 December 2020 and 2019. There were no transfers into or out of Level 2 during years ended 31 December 2020 and 2019.

b) Impairment assessments

The Group, through Netsis Technology (S) Pte. Ltd. ("Netsis Technology"), an indirectly wholly-owned subsidiary in Singapore, is engaged in the provision of cyber infrastructure solutions services (the "Cyber Infrastructure CGU"). In view of the deteriorating economy and the outbreak of COVID-19 pandemic during the year ended 31 December 2020, the management considered that there is impairment indicator under the Cyber Infrastructure CGU.

The Group carries out impairment test for the Cyber Infrastructure CGU where an indicator of impairment appears by comparing their recoverable amounts to their carrying amounts at the end of reporting period.

At 31 December 2020, the recoverable amount of the Cyber Infrastructure CGU was assessed on the value-in-use calculations using pre-tax cash flow projections covering a 5-year period which is approved by management. The estimated revenue and costs for each cash generating units 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 2020, the recoverable amount of property, plant and equipment in Cyber Infrastructure CGU based on the value-in-use calculation was approximately US$249,000. Accordingly, impairment loss of approximately US$282,000 was recognised against property, plant and equipment during the year ended 31 December 2020.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

b) Impairment assessments *(Continued)*

Key assumptions and inputs used for the value-in-use calculation are as follows:

	2020
Average gross profit margin	**46.2%**
Average growth rate	**0%**
Discount rate	**3.7%**

Management determined zero growth rate based on the uncertainties to maintain the projects in Myanmar and to secure new projects. The discount rate used is pre-tax and reflects specific risks relating to the Cyber Infrastructure CGU.

At 31 December 2019, the management is of the view that there is no impairment indication for the property, plant and equipment were not impaired as their recoverable amounts exceed their carrying amounts.

(c) Sensitivity of key assumptions

The management identified the following key assumptions in which a reasonably possible change on an individual basis would cause any or additional impairment loss.

Reasonably possible changes that individually cause additional impairment loss on the identifiable assets:

	Change	**2020** **Increase of impairment** ***US$'000***
Average gross profit margin	Decrease 10%	**25**
Average growth rate	Decrease 1%	**5**
Discount rate	Increase 1%	**7**

13. INVESTMENT PROPERTY

	2020	2019
	US$'000	*US$'000*
At 1 January	**1,149**	2,313
Transfer to property, plant and equipment *(Note 12)*	–	(1,149)
Changes in fair value	–	(46)
Disposals	**(1,149)**	–
Exchange alignment	–	31
At 31 December	–	1,149

On 9 December 2020, the investment property was disposed at the consideration of approximately US$1,119,000 to an independent third party, which is revalued at fair value of approximately US$1,149,000 at the date of disposal. Accordingly, a loss on disposal of approximately US$37,000 was recognised during the year ended 31 December 2020.

Upon the date of disposal and at 31 December 2019, the investment property located in Singapore with fair value of approximately US$1,149,000 and US$1,149,000, respectively, was revalued by Real Estate Analytics Pte Ltd *(2019: SRX Valuations)*, an independent professional qualified valuer with appropriate qualification and recent experience in the valuation of similar properties in the relevant location. The valuation, which conforms to the International Valuation Standards, was conducted using direct comparison approach by making reference to comparable sales evidence as available in the relevant market. Sales prices of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size, was used to value the properties. The most significant input into this valuation approach is price per square foot.

Leasing arrangement – as lessor

The investment property was leased to a tenant for a term of two years, in which both years are non-cancellable. The lease does not contain any renewal option. Monthly rental charges are fixed payments. The tenant also bears the management fees and amounts charged by the government such as the Goods and Services Tax levied on the Group.

Rental income are recognised as other income up to the date of disposal as aforementioned. The details of the lease income from operating leases are set out in Note 5 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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14. INTANGIBLE ASSETS

	Internally developed technologies – indefinite useful lives *US$'000*	Internally developed technologies – finite useful lives *US$'000*	Copyrights – finite useful lives *US$'000*	Total *US$'000*
Reconciliation of carrying amount – Year ended 31 December 2019				
At 1 January 2019	–	614	–	614
Additions	509	1,315	–	1,824
Amortisation	–	(404)	–	(404)
At 31 December 2019	509	1,525	–	2,034
Reconciliation of carrying amount – Year ended 31 December 2020				
At 1 January 2020	**509**	**1,525**	**–**	**2,034**
Additions	**–**	**139**	**1,700**	**1,839**
Amortisation	**–**	**(700)**	**(47)**	**(747)**
Impairment loss	**–**	**(964)**	**–**	**(964)**
Exchange alignment	**36**	**–**	**–**	**36**
At 31 December 2020	**545**	**–**	**1,653**	**2,198**
At 31 December 2019				
Cost	509	2,820	–	3,329
Accumulated amortisation	–	(1,295)	–	(1,295)
Net book value	509	1,525	–	2,034
At 31 December 2020				
Cost	**545**	**2,959**	**1,700**	**5,204**
Accumulated amortisation and impairment losses	**–**	**(2,959)**	**(47)**	**(3,006)**
Net book value	**545**	**–**	**1,653**	**2,198**

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 2 to the consolidated financial statements.

14. INTANGIBLE ASSETS *(Continued)*

The carrying amounts of intangible assets yet to be available for use at 31 December 2019 were approximately US$78,000. All intangible assets are available for use at 31 December 2020.

At 31 December 2019, the remaining amortisation period of framework and modules for mediation system, which included in internally developed technologies with finite useful lives, is 33 months with carrying amount of approximately US$958,000. The internally developed technologies with finite useful lives have been fully impaired during the year ended 31 December 2020.

Impairment assessments

(i) Intangible assets with finite useful lives and already in use

The Group, through Expert Team Pte. Ltd. ("Expert Team"), an indirectly wholly-owned subsidiary in Singapore, is engaged in the provision of cyber security solutions services (the "Cyber Security CGU").

The Group carries out impairment test for intangible assets with finite useful lives and 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.

For intangible assets internally developed technologies with finite useful lives, in view of the deteriorating economy and the outbreak of COVID-19 pandemic during the year ended 31 December 2020, while several new contracts in related to the Cyber Security CGU was entered with Myanmar government and the government has been taken over by the military ("Myanmar Coup") in February 2021. As such, due to the current unstable situation in Myanmar Coup, these projects had been put on hold and the management are uncertain whether these projects can continue and whether the Group can secure new projects from Myanmar government. The management considered that there is impairment indicator under the Cyber Security CGU.

In additions, the management assessed that the internally developed technologies may not be able to generate future economic benefits. Accordingly, the recoverable amount of these technologies under the Cyber Security CGU was minimal. Impairment loss on these technologies of approximately US$964,000 was recognised during the year ended 31 December 2020. Saved as disclosed, there is no impairment indicator for the remaining intangible assets already in use during the year ended 31 December 2020.

At 31 December 2019, the management is of the view that there is no impairment indication for the intangible assets already in use.

(ii) Intangible assets with indefinite useful lives and intangible assets yet to be available for use

The Group carries out annual impairment test for intangible assets with indefinite useful lives and intangible assets yet to be available for use by comparing their recoverable amounts to their carrying amounts at the end of each reporting period.

The recoverable amount of intangible assets with indefinite useful lives and yet to be available for use were assessed on the value-in-use calculations using pre-tax cash flow projections which is approved by management. The estimated revenue and costs for each individual intangible asset 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 2020 and 2019, the management is of the view that the intangible assets with indefinite useful lives or yet to be available for use were not impaired as their recoverable amounts exceed their carrying amounts.

Notes to the Consolidated Financial Statements

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15. SUBSIDIARIES

Details of principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation	Paid-up/ registered share capital	Attributable equity interest held by the Company 2020	2019	Principal activities and place of operation
Directly held by the Company					
Nexion Global Investments Limited (“Nexion Global (BVI)”)	The BVI	US$10,000	**100%**	100%	Investment holding, Hong Kong
Indirectly held by the Company					
Nexion (Hong Kong) Limited	Hong Kong	HK$100	**100%**	100%	Investment holding, Hong Kong
Nex Direction Limited (“Nex Direction”)	Hong Kong	HK$10,000	**100%** *(Note 25)*	51%	Provision of administrative and secretarial services and development of cyber infrastructure solutions services to group companies, Hong Kong
Netsis Technology	Singapore	SG$500,000	**100%**	100%	Provision of cyber infrastructure solutions services, Singapore
Expert Team	Singapore	SG$300,000	**100%**	100%	Provision of cyber security solutions services, Singapore
Nexion Investment Pte. Ltd.	Singapore	SG$100	**100%**	100%	Property holding, Singapore
耐信(上海)科技服務有限公司*(Note (i))*	The PRC	*<Note ii>*	**100%**	100%	Provision of cyber security solutions services, The PRC
湖南滁江科技有限公司 *(Note (i))*	The PRC	Renminbi (“RMB”) 10,000,000	**70%**	70%	Provision of SaaS, The PRC

Note:

(i) Registered under the laws of the PRC as domestic enterprise.

(ii) The registered share capital is RMB10,000,000 which was not yet paid up at the end of the reporting period.

The above table lists the subsidiaries of the Company which, in the opinion of the management, principally affected the results or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the management, result in particulars of excessive length.

16. FINANCIAL ASSETS AT DESIGNATED FVOCI

	2020 **US$'000**	2019 US$'000
Equity securities		
Listed in Hong Kong	**–**	17

At 31 December 2019, the Group held equity securities listed in Hong Kong and irrevocably designated those investments in equity securities as financial asset at Designated FVOCI because these equity securities represent investments that the Group intends to hold for long term for strategic purposes.

At 31 December 2019, the fair value of financial assets at Designated FVOCI has determined on the basis of quoted market price.

During the year ended 31 December 2020, the financial assets at Designated FVOCI have been fully impaired. On 31 December 2020, upon the disposal of the entire equity interests in Team Ace Investments Limited ("Team Ace Investments") as detailed in Note 24 to the consolidated financial statements, fair value reserve of approximately US$713,000 arising from financial assets at Designated FVOCI was transferred to accumulated profits (losses).

17. INVENTORIES

	2020 **US$'000**	2019 US$'000
Computer hardware for reselling	**1**	–

Notes to the Consolidated Financial Statements

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18. TRADE AND OTHER RECEIVABLES

	Notes	2020 US$'000	2019 US$'000
Trade receivables from third parties		**1,359**	2,905
Less: Loss allowance	*27*	**(5)**	(5)
	18(a)	**1,354**	2,900
Other receivables			
Prepayments		**686**	491
Deposits and other receivables		**781**	622
Deposits on investments	*18(b)*	–	384
Loans to third parties	*18(c)*	–	857
Receivables on disposal of the subsidiaries	*24*	**232**	410
		1,699	2,764
		3,053	5,664
Analysed by:			
Non-current		–	205
Current		**3,053**	5,459
		3,053	5,664

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 27 to the consolidated financial statements.

18. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) The Group normally grants credit terms up to 90 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 (net of loss allowance) at the end of the reporting period is as follows:

	2020	2019
	US$'000	*US$'000*
Within 30 days	**135**	778
31 to 60 days	**127**	146
61 to 90 days	**159**	54
91 to 180 days	**242**	593
181 to 365 days	**426**	225
Over 1 year	**265**	1,104
	1,354	2,900

At the end of the reporting period, the ageing analysis of the trade receivables (net of loss allowance) by due date is as follows:

	2020	2019
	US$'000	*US$'000*
Not yet due	**288**	926
Past due:		
Within 30 days	**123**	228
31 to 60 days	**163**	89
61 to 90 days	**77**	211
91 to 180 days	**203**	138
181 to 365 days	**363**	1,204
Over 1 year	**137**	104
	1,066	1,974
	1,354	2,900

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18. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) During the year ended 31 December 2020, the Group has terminated the potential investments entered in previous year and related deposit on these investments of HK$3,000,000 (equivalent to approximately US$384,000), which were paid during the year ended 31 December 2019. At 31 December 2020, such deposit is yet refunded and reported as "Deposits and other receivables" as set out in Note 18 to the consolidated financial statements.

(c) At 31 December 2019, loans to third parties were unsecured, carries fixed interest rates at 4% to 4.4% per annum. The loans to third parties are fully settled during the year ended 31 December 2020.

19. TRADE AND OTHER PAYABLES

	Notes	**2020** **US$'000**	2019 US$'000
Trade payables to third parties	*19(a)*	**286**	524
Other payables			
Accruals and other payables		**1,350**	828
Receipt in advance	*19(b)*	**462**	942
Payable on acquisition of intangible assets	*19(c)*	**350**	–
		2,162	1,770
		2,448	2,294
Analysed by:			
Current		**2,098**	2,294
Non-current		**350**	–
		2,448	2,294

(a) The trade payables are non-interest bearing and the Group is normally granted with a credit term up to 90 days. At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2020 **US$'000**	2019 US$'000
Within 30 days	**23**	177
31 to 60 days	**19**	91
61 to 90 days	**–**	4
Over 90 days	**244**	252
	286	524

19. TRADE AND OTHER PAYABLES *(Continued)*

(b) The movements (excluding those arising from increases and decreases both occurred within the same year) of receipt in advance from contracts with customer within IFRS 15 during each of the reporting period are as follows:

	2020 ***US$'000***	2019 *US$'000*
At the beginning of the reporting period	**942**	694
Recognised as revenue	**(397)**	(667)
Receipt of advances or recognition of receivables	**311**	936
Refunded during the year	**(394)**	–
Disposal of a subsidiary	**–**	(21)
At the end of the reporting period	**462**	942

Included in the amount of transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2020 is approximately US$462,000 *(2019: approximately US$942,000)*, which is expected to be recognised as revenue within 1 year.

(c) During the year ended 31 December 2020, the Group has acquired several software copyrights with a total consideration of US$1,700,000 which recognised as "Intangible assets". The Group has settled US$1,350,000 during the year and, in accordance to the software copyrights transfer agreement, the remaining consideration of US$350,000 is repayable on or before 31 August 2022.

20. DEFERRED TAX

The movements for the year in the Group's deferred tax liabilities are as follows:

	2020 ***US$'000***	2019 *US$'000*
At the beginning of the reporting period	**144**	150
Credit to profit or loss *(Note 9)*	**(143)**	(6)
At the end of the reporting period	**1**	144

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

	2020 ***US$'000***	2019 *US$'000*
Depreciation allowance	**1**	38
Intangible assets	**–**	106
Deferred tax liabilities	**1**	144

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

20. DEFERRED TAX *(Continued)*

Unrecognised deferred tax assets

At the end of the reporting period, the Group had unrecognised deferred tax assets arising from unused tax losses of approximately US$1,331,000 *(2019: approximately US$990,000)* available for set-off against future taxable profit.

The Group has not recognised deferred tax assets in respect of the tax losses, as set out below, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses will expire as follows:

	2020 ***US$'000***	2019 *US$'000*
Year 2025	**238**	–
No expiry	**1,093**	990
	1,331	990

21. SHARE CAPITAL

	Number of shares	***HK$***	**Equivalent to *US$***
Ordinary share of HK$0.01 each			
Authorised:			
At 1 January 2019, 31 December 2019 and **31 December 2020**	**6,000,000,000**	**60,000,000**	**7,692,308**
Issued and fully paid:			
At 1 January 2019	**600,000,000**	**6,000,000**	**769,231**
Issue of shares upon placing of shares *(Note)*	**120,000,000**	**1,200,000**	**153,846**
At 31 December 2019 and **31 December 2020**	**720,000,000**	**7,200,000**	**923,077**

Note: On 19 September 2019, the Company issued 120,000,000 ordinary shares by way of placing (the "Placing"), at a placing price of HK$0.09 per share. The net proceeds from the Placing after deducting related expenses were approximately US$1,343,000 to provide additional working capital and for attractive investment opportunities. These shares rank pari passu with all existing shares in all respects.

22. 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 consolidated statement 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, which carried out in preparation for the listing of the Company's shares, 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 Investments Limited 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.

Exchange reserve

Exchange reserve has been set up and is dealt with in accordance with the accounting policies adopted for foreign currency translation as set out in Note 2 to the consolidated financial statements.

Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the subsidiaries of the Group in the PRC are required to set up certain statutory reserves. The transfer of these reserves is at discretion of the directors of the respective subsidiaries. The statutory reserves can only be utilised for predetermined means upon approval by the relevant authority.

Fair value reserve

The reserve comprises the cumulative net change in the fair value of financial assets at Designated FVOCI at the end of the reporting period and is dealt with in accordance with the accounting policies adopted.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

23. CASH (USED IN) GENERATED FROM OPERATIONS

	2020 US$'000	2019 US$'000
Loss before income tax	**(6,089)**	(2,129)
Amortisation of intangible assets	**747**	404
Depreciation of property, plant and equipment	**877**	749
Impairment loss on property, plant and equipment	**282**	–
Impairment loss on intangible assets	**964**	–
Write-off of property, plant and equipment	**94**	–
Loss on deregistration of a subsidiary	**–**	13
(Gain) Loss on disposal of subsidiaries, net	**(86)**	481
Loss on disposal of investment property	**37**	–
Fair value changes in investment property	**–**	46
Interest income	**(50)**	(89)
Loss allowance on trade receivables	**400**	5
Loss allowance on other receivables	**583**	583
Changes in working capital:		
Inventories	**(1)**	40
Trade and other receivables	**1,619**	43
Trade and other payables	**12**	1,209
Cash (used in) generated from operations	**(611)**	1,355

24. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2020

On 31 July 2020 and 31 December 2020, the Group disposed the entire equity interests in Charm Master Holdings Group Limited and its subsidiaries (collectively, the "Charm Master Group") and Team Ace Investments and its subsidiary (collectively, the "Team Ace Investments Group"), respectively, to independent third parties at considerations of US$1,500 and HK$1, respectively. The details of the disposal are as follows:

	Charm Master Group *US$'000* *<Note>*	Team Ace Investments Group *US$'000*	Total *US$'000*
Net assets disposed of			
Property, plant and equipment	2	–	2
Bank balances and cash	208	3	211
Trade and other payables	(208)	–	(208)
	2	3	5
Non-controlling interests	(86)	–	(86)
	(84)	3	(81)
Release of exchange reserve upon disposal of subsidiaries	(3)	–	(3)
Gain (Loss) on disposal of subsidiaries	89	(3)	86
	2	–	2

Analysis of net outflow of cash and cash equivalents in respect of disposal of subsidiaries during the year ended 31 December 2020 is as follows:

	US$'000	*US$'000*	*US$'000*
Cash consideration	–	–*	–*
Cash and cash equivalents disposed of	(208)	(3)	(211)
Net outflow of cash and cash equivalents	(208)	(3)	(211)

Note: At 31 December 2020, the consideration on disposal of Charm Master Group of US$1,500 is unsettled, interest-free and repayable with 180 days.

* Represent amount less than US$1,000

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

24. DISPOSAL OF SUBSIDIARIES *(Continued)*

Year ended 31 December 2019

On 31 December 2019, the Group disposed the entire equity interests in 蘇州訊科易通訊技術有限公司 to an independent third party at a consideration of HK$3,200,000 (equivalent to approximately US$410,000). The details of the disposal are as follows:

	US$'000
Net assets disposed of	
Property, plant and equipment	20
Inventories	69
Other receivables	63
Cash and bank balances	729
Trade and other payables	(67)
	814
Release of exchange reserve upon disposal of a subsidiary	77
Loss on disposal of a subsidiary	(481)
	410

Analysis of net outflow of cash and cash equivalents in respect of disposal of a subsidiary during the year ended 31 December 2019 is as follows:

	US$'000
Cash consideration	–
Cash and cash equivalents disposed of	(729)
Net outflow of cash and cash equivalents	(729)

At 31 December 2020, part of the consideration of approximately US$230,000 is unsettled, interest-free and repayable within one year *(2019: approximately US$410,000 is unsettled, which approximately US$205,000 is repayable within one year and the remaining is repayable within two years)*.

25. CHANGES IN OWNERSHIP INTERESTS IN A SUBSIDIARY THAT DO NOT RESULT IN A LOSS OF CONTROL

	2020	2019
	US$'000	*US$'000*
Net consideration (paid) received	**(1)**	1
Acquisition of additional interests in a subsidiary	**1**	–
Disposal of interests in a subsidiary without loss of control	**–**	(1)
Difference recognised in equity	**–**	–

Year ended 31 December 2019

On 9 October 2019, the Group transferred its 49% equity interests out of the 100% in Nex Direction, at a consideration of HK$4,900 (equivalent to approximately US$630) to an independent third party. At 31 December 2019, the consideration remained unsettled and was included in other receivables. Such disposal of equity interest in a subsidiary did not result in a loss of control and remain as a subsidiary of the Group.

Year ended 31 December 2020

On 10 September 2020, the Group acquired 49% of the aforementioned equity shares of Nex Direction, at a consideration of HK$4,900 (equivalent to approximately US$630) back from the independent third party. The Group holds 100% of the equity share capital of Nex Direction upon the completion of acquisition. The carrying amount of the non-controlling interests of Nex Direction on the date of acquisition was HK$4,900 (equivalent to approximately US$630).

26. RELATED PARTIES TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties:

Key management personnel (including directors) remuneration

	2020	2019
	US$'000	*US$'000*
Salaries, allowances and other benefits	**595**	552
Retention fee for a non-director individual	**–**	376
Contributions to defined contribution retirement schemes	**33**	33
	628	961

Further details of the directors' remuneration are set out in Note 7 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at Designated FVOCI 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 accounting policies for financial instruments have been applied to the line items below:

At 31 December 2020	**Financial assets at amortised cost** *US$'000*
Assets as per consolidated statement of financial position	
Trade and other receivables	**2,367**
Bank balances and cash	**5,191**
Total	**7,558**

	Financial liabilities at amortised cost *US$'000*
Liabilities as per consolidated statement of financial position	
Trade and other payables	**1,986**

At 31 December 2019	Financial assets at amortised cost *US$'000*	Financial assets at Designated FVOCI *US$'000*	Total *US$'000*
Assets as per consolidated statement of financial position			
Financial assets at Designated FVOCI	–	17	17
Trade and other receivables	5,173	–	5,173
Bank balances and cash	6,191	–	6,191
Total	11,364	17	11,381

	Financial liabilities at amortised cost *US$'000*
Liabilities as per consolidated statement of financial position	
Trade and other payables	1,352

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

The main risks arising from the Group's financial instruments are credit risk, foreign 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 debtor 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. 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:

	2020 ***US$'000***	2019 *US$'000*
Trade and other receivables	**2,367**	5,173
Bank balances and cash	**5,191**	6,191
	7,558	11,364

Trade receivables

The Group trades with recognised and creditworthy third parties. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 December 2020, the Group had a concentration of credit risk as approximately 43% *(2019: approximately 34%)* of the total trade receivables was due from the Group's largest trade debtor and approximately 95% *(2019: approximately 89%)* of the total trade receivables was due from the Group's five largest trade debtors.

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 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. There was no change in the estimation techniques or significant assumptions made during the year.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Trade receivables *(Continued)*

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 31 December 2020 and 2019 is summarised below.

At 31 December 2020

	Expected loss rate %	Gross carrying amount *US$'000*	Loss allowance *US$'000*	Net carrying amount *US$'000*	Credit-impaired
Not past due	–	288	–	288	No
1 – 365 days past due	–	929	–	929	No
Over 1 year past due	4%	142	(5)	137	No
		1,359	(5)	1,354	

At 31 December 2019

	Expected loss rate %	Gross carrying amount *US$'000*	Loss allowance *US$'000*	Net carrying amount *US$'000*	Credit-impaired
Not past due	–	926	–	926	No
1 – 365 days past due	–	1,870	–	1,870	No
Over 1 year past due	5%	109	(5)	104	No
		2,905	(5)	2,900	

At 31 December 2020, the Group did not recognise loss allowance *(2019: approximately US$5,000)* on the trade receivables. The movement in the loss allowance for trade receivables is summarised below.

	2020 *US$'000*	2019 *US$'000*
At 1 January	5	–
Increase in allowance	400	5
Write-off	(400)	–
At 31 December	5	5

The Group does not hold any collateral over the trade receivables at 31 December 2020 *(2019: Nil)*.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Trade receivables *(Continued)*

Other receivables

Other receivables include deposits and other receivables, deposits on investments, loans to third parties and receivables on disposal of the subsidiaries. Impairment on other receivables is measured on lifetime ECL and reflects the short maturities of the exposures.

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. There was no change in the estimation techniques or significant assumptions made during the year.

At 31 December 2020, the Group recognised loss allowance of approximately US$583,000 *(2019: approximately US$583,000)* on the balances. The movement in the loss allowance for the balances is summarised below.

	2020 **US$'000**	2019 US$'000
At 1 January	**583**	–
Increase in allowance	**583**	583
At 31 December	**1,166**	583

Bank balances and cash

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.

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Year ended 31 December 2020

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group's transactions are mainly denominated in HK$, SG$, RMB and US$.

At 31 December 2020 and 2019, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies used by the respective group entities, except for certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore, exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities at 31 December 2020 and 2019 are analysed as follows:

	2020		2019	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	US$'000	***US$'000***	*US$'000*	*US$'000*
SG$	**252**	**(169)**	846	(69)
RMB	**1,575**	**(921)**	1,492	(1,534)

The following table indicates the approximate changes in the Group's profit before income tax if exchange rates of the SG$ and RMB had changed against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of the reporting period:

	2020	2019
	US$'000	*US$'000*
SG$		
+10%	**8**	78
–10%	**(8)**	(78)
RMB		
+10%	**65**	(42)
–10%	**(65)**	42

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

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.

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 summarised below.

	Within 1 year or on demand *US$'000*	Over 1 year but within 2 years *US$'000*	Total *US$'000*
At 31 December 2020			
Trade and other payables	**1,636**	**350**	**1,986**
At 31 December 2019			
Trade and other payables	1,352	–	1,352

28. 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, issue of new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

29. FAIR VALUE MEASUREMENT

The following presents the financial assets and financial liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 (lowest level): unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

29. FAIR VALUE MEASUREMENT *(Continued)*

a) Financial assets measured at fair value

	Level 1	
	2020 **US$'000**	2019 US$'000
Financial assets at Designated FVOCI		
Equity securities listed in Hong Kong	–	17

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

b) Financial assets and liabilities not measured at fair value

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

30. OPERATING LEASE COMMITMENTS

The Group as lessor

At 31 December 2019, the Group leased out its investment property to third parties under operating leases with average lease terms of 1 to 2 years.

Below is a maturity analysis of undiscounted lease payments to be received from the investment property subject to an operating lease. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2019 *US$'000*
Year 1	36
Year 2	30
	66

At 31 December 2020, there is no operating lease commitment.

The Group as lessee

At 31 December 2020, the Group was committed to lease contracts in relation to properties of approximately US$10,000 *(2019: approximately US$10,000)* for short-term leases.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirements of Hong Kong Companies Ordinance, the statement of financial position of the Company and the movements in its reserves is set out below:

	Notes	**2020 US$'000**	2019 US$'000
Non-current asset			
Investments in subsidiaries		**1,390**	3,922
Current assets			
Other receivables		**2**	730
Amounts due from subsidiaries	*31(b)*	**7,115**	7,181
Loans to a subsidiary	*31(c)*	**986**	466
Bank balances and cash		**142**	1,321
		8,245	9,698
Current liability			
Amount due to subsidiaries	*31(b)*	**15**	958
Net current assets		**8,230**	8,740
Total assets less current liabilities		**9,620**	12,662
Non-current liability			
Other payable		**350**	–
NET ASSETS		**9,270**	12,662
Capital and reserves			
Share capital	*21*	**923**	923
Reserves	*31(a)*	**8,347**	11,739
TOTAL EQUITY		**9,270**	12,662

This statement of financial position was approved and authorised for issue by the Board of Directors on 24 March 2021 and signed on its behalf by

Foo Moo Teng
Director

Ong Gim Hai
Director

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Movements of the reserves

	Share premium US$'000 (Note 22)	Capital Reserve US$'000 (Note 22)	Accumulated profits (losses) US$'000	Total US$'000
At 1 January 2019	9,662	3,922	2	13,586
Loss and total comprehensive loss for the year	–	–	(3,036)	(3,036)
Transactions with equity holders				
Contributions and distributions				
Issue of shares upon placing of shares	1,189	–	–	1,189
At 31 December 2019	10,851	3,922	(3,034)	11,739
At 1 January 2020	**10,851**	**3,922**	**(3,034)**	**11,739**
Loss and total comprehensive loss for the year	**–**	**–**	**(3,392)**	**(3,392)**
At 31 December 2020	**10,851**	**3,922**	**(6,426)**	**8,347**

Certain corporate administrative costs of the Company were borne by the subsidiaries of the Company without recharge.

(b) Amounts due from (to) subsidiaries

The amounts due are unsecured, interest free and have no fixed repayment term.

(c) Loans to a subsidiary

The loans to a subsidiary are unsecured, bearing interest at 2% per annum and is repayable on 31 December 2021.

The summary of the published results and of the assets and liabilities of the Group for the last five years is as follows:

RESULTS

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
	Note (a)	*Note (a)*	*Note (a)*	*Note (a)*	*Note (b)*
Revenue	**8,633**	5,815	8,573	8,538	5,635
Other income	**362**	158	149	209	84
Cost of inventories sold	**(497)**	(722)	(3,134)	(3,164)	(2,122)
Staff costs and related expenses	**(912)**	(1,243)	(1,705)	(1,195)	(928)
Subcontracting fee	**(7,045)**	(616)	–	–	–
Sales and marketing expenses	**(564)**	(1,679)	(21)	(14)	(29)
Depreciation and amortisation	**(1,624)**	(1,153)	(681)	(277)	(316)
Impairment loss on property, plant and equipment	**(282)**	–	–	–	–
Impairment loss on intangible assets	**(964)**	–	–	–	–
Impairment loss on trade and other receivables	**(983)**	(588)	–	–	–
General and administrative expenses	**(2,213)**	(2,101)	(840)	(738)	(399)
Listing expenses	**–**	–	–	(1,633)	(514)
(Loss) Profit before income tax	**(6,089)**	(2,129)	2,341	1,726	1,411
Income tax credit (expenses)	**220**	24	(808)	(546)	(135)
(Loss) Profit for the year	**(5,869)**	(2,105)	1,533	1,180	1,276

ASSETS AND LIABILITIES

	As at 31 December				
	2020	2019	2018	2017	2016
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
	Note (a)	*Note (a)*	*Note (a)*	*Note (a)*	*Note (b)*
Total assets	**11,897**	17,736	17,941	16,961	6,026
Total liabilities	**(2,525)**	(2,591)	(2,047)	(2,089)	(647)
Total equity	**9,372**	15,145	15,894	14,872	5,379

Notes

(a) The financial figures were extracted from the consolidated financial statements in annual report.

(b) The financial figures were extracted from the Prospectus.

Financial Summary

FINANCIAL HIGHLIGHTS

		For the year ended 31 December				
		2020	2019	2018	2017	2016
Financial performance		***US$'000***	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue		**8,633**	5,815	8,573	8,538	5,635
Net (loss) profit		**(5,869)**	(2,105)	1,533	1,180	1,276
Net (loss) profit margin	*Note 1*	**–68.0%**	–36.2%	17.9%	13.8%	22.6%
Financial position						
Current ratio	*Note 2*	**3.8**	4.8	7.3	7.8	9.6
Quick ratio	*Note 3*	**3.8**	4.8	7.3	7.7	9.5
Gearing ratio	*Note 4*	**N/A**	N/A	N/A	N/A	N/A
Net debt-to-equity ratio	*Note 5*	**Net cash**	Net cash	Net cash	Net cash	Net cash
Return on equity	*Note 6*	**–62.6%**	–13.9%	9.6%	7.9%	23.7%
Return on assets	*Note 7*	**–49.3%**	–11.9%	8.5%	7.0%	21.2%

Notes

1. Net (loss) profit margin is derived by dividing revenue by net profit as at the end of the relevant financial year.

2. Current ratio is derived by dividing the current assets by current liabilities as at the end of the relevant financial year.

3. Quick ratio is derived by dividing the current assets less inventories by current liabilities as at the end of the relevant financial year.

4. Gearing ratio is the total amount of bank borrowings as a percentage of total equity as at the end of the relevant financial year.

5. Net debt-to-equity ratio is the total amount of bank borrowings less bank balances and cash as a percentage of total equity as at the end of the relevant financial year.

6. Return on equity is the net (loss) profit for the year as a percentage of total equity as at the end of the relevant financial year.

7. Return on assets is derived by dividing net (loss) profit for the year by total assets as at the end of the relevant financial year.