IntelliCentrics

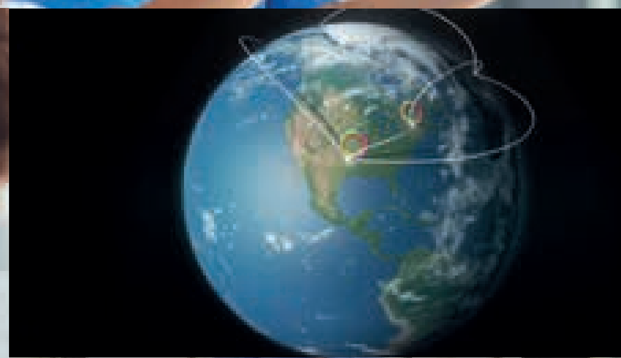
IntelliCentrics Global Holdings Ltd.

中 智 全 球 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6819

ANNUAL REPORT 2018



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CORPORATE INFORMATION

Directors

Executive Directors:

Mr. Lin Tzung-Liang *(Chairman)*
Mr. Michael James Sheehan *(Chief Executive Officer)*

Non-executive Directors:

Mr. Lin Kuo-Chang
Mr. Sean Fang

Independent Non-executive Directors:

Mr. Chan Kwok Wai
Mr. Lo Chiang
Mr. Shen Haipeng

Audit Committee

Mr. Chan Kwok Wai *(Chairman)*
Mr. Lo Chiang
Mr. Sean Fang

Remuneration Committee

Mr. Lo Chiang *(Chairman)*
Mr. Lin Kuo-Chang
Mr. Shen Haipeng

Nomination Committee

Mr. Lin Tzung-Liang *(Chairman)*
Mr. Shen Haipeng
Mr. Chan Kwok Wai

Authorized Representatives

Mr. Michael James Sheehan
Mr. Hung Kuo Yuan

Joint Company Secretaries

Mr. Hung Kuo Yuan
Ms. Leung Shui Bing

Headquarters and Principal Place of Business in the U.S.

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Flower Mound
Texas 75028-4035

Principal Place of Business in Hong Kong

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Hong Kong

Registered Office

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103 South Church Street
George Town
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Cayman Islands Principal Share Registrar and Transfer Agent

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4th Floor, Harbour Place
103 South Church Street
George Town
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central, Hong Kong

Legal Adviser

Sullivan & Cromwell (Hong Kong) LLP
28th Floor
Nine Queen's Road Central
Hong Kong

Compliance Adviser

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

Principal Bankers

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3003 Tasman Drive
Santa Clara, CA 95054
USA

Far Eastern International Bank
18F, No. 207, Section 2, Dunhua S. Road
Taipei City, Taiwan

Stock Code

6819

Company Website

www.intellicentrics-global.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

As this is the inaugural shareholder letter, it will forever hold an extra special place in IntelliCentrics' history while simultaneously bridging to the Company's exciting future. Moreover, as this is my first letter to our Shareholders, I consider it particularly important to share select attributes of the Company which I consider important to enhancing your understanding of IntelliCentrics. The first attribute is the extreme value IntelliCentrics can provide each participant in healthcare worldwide. Second is our resource allocation in pursuit of delivering said value. Third is a set of key performance metrics which align management's performance ultimately revealing IntelliCentrics' intrinsic value.

Trust = Extreme Value

We all recognize the extreme value of being able to trust others. We also all recognize the extreme value of being trusted by others. This deep need to trust, and be trusted lead us to our vision. ***Our vision is to be the world's trusted solution for trust.*** Trust has a long term proven track record and when trust is present, it has the power to positively transform industries. Our mission in healthcare is to use our technology to deliver trust between all stakeholders making access to high quality care as accessible as a good cup of coffee. At our core, we are a technology company and the value of our technology is magnificently important in the highly regulated industry of healthcare where there are substantial consequences if one of the stakeholders involved is not trustworthy. Today, I am proud to be able to share that more healthcare locations rely on our technology platform to know who they can trust more than any other platform in the world.

We encourage you to think of IntelliCentrics as the final chapter of an important technology trilogy. Facebook is where we go to "Like", LinkedIn is where we go to "endorse", and IntelliCentrics is where healthcare goes to "Trust". While our business model is similar to the others in the trilogy, our value proposition is substantially different. We generate value, and subsequently our revenue, by offering a subscription to our technology platform to individuals that need to be trusted. We create the demand by offering the platform free of charge to locations of care. The result is a highly efficient, centralized location for all stakeholders to obtain and maintain trusted, bilateral relationships.

Resource Allocation

Validation of our model is evident in our long term financial performance. For over twelve years our free cash flows have funded all of our subscriber growth, technology innovations, and all six of our acquisitions. The second half of 2018 highlights these three drivers working in unison. This is demonstrated by the expansion of our technology platform now capable of serving the healthcare provider segment which is estimated to be at least 15 times larger than the currently served vendor segment. We funded this while acquiring our biggest competitor in the vendor segment in the United Kingdom. Going forward, we will leverage these advancements by significantly increasing our customer acquisition investments growing subscribers in all segments across North America and the United Kingdom. Meanwhile, we remain aggressive in our pursuit of strategic acquisitions when they support our vision, mission and strategies. Lastly, we expect to materially increase our efforts in Greater China in 2019 and 2020 to continuously expand the reach of our platform while delivering trust between all stakeholders.

INTRINSIC VALUE FROM SELECT KEY PERFORMANCE METRICS

We are a true technology platform which generates revenues from annual subscriptions. From this perspective, I feel the best way to understand the intrinsic value of the Company is by paying attention to three key performance metrics. The first is the size of our platform relative to other industry players. In this regard, we have the world's largest technology platform measured in both subscribers and locations of care. This is important because as the number of locations on our platform increases, the value to all subscribers increases. Meanwhile, as the number of subscribers increases, the value to each of the locations increases. We have created a model where everyone wins. We currently have over 10,000 locations of care across the United States, Canada and the UK representing significant relative size advantage in every market we serve. The second key performance metric is the size of the market we are uniquely qualified to serve. The demand for trust in healthcare is universally needed. We all want trusted healthcare regardless of our social, economic, or cultural beliefs and our platform is inherently capable of providing trust at every touch-point across the entire spectrum of how care is accessed and delivered. From this perspective, the market is incredibly vast. The third dynamic is management's ability to maximize company resources to deliver long term, sustainable growth. To further express resource allocation, management will be measured by how well they control their customer acquisition costs, the growth of the number of locations on our platform, and the growth of total subscribers as well as the lifetime value of each subscriber. Continuous improvement in these three key metrics is expected.

IntelliCentrics is the right technology, with the right business model, at the right time. Listing on the Stock Exchange was a natural step in our journey. To deliver on our vision of being the world's trusted solution for trust we too must be trusted by our stakeholders. No capital market does this better for investors than the Stock Exchange.

In closing, I would like to express my appreciation one last time to the Stock Exchange, our employees, customers, and each of the teams who's dedication and tireless efforts made this letter a reality.

In your trust,

IntelliCentrics Global Holdings Ltd.
Lin Tzung-Liang
Chairman and Executive Director

April 26, 2019

Business Review

We operate a credentialing platform for compliance and security purposes in the healthcare industry, which collects, processes and verifies data and information in accordance with the different requirements of LoCs so that the data and information can be trusted to determine whether the subscriber is compliant with the requirements. We currently offer two main services on our platform: vendor credentialing solution and medical credentialing solution, and derive substantially all of our revenue from annual membership fees received from our paying subscribers for these solutions. We also offer certain "add-on" services to help our subscribers maintain verified status in a time- and cost-efficient manner.

In 2018, we continued to offer our vendor credentialing solution, our first and principal solution, from which we generated the vast majority of our revenue. Its profitability remained stable. As of December 31, 2018, we had 10,679 registered LoCs of our vendor credentialing solution, among which 10,471 were in the United States, eight in Canada and 200 in the United Kingdom, respectively. As of the same date, we had 118,331 vendor subscribers in the United States, 4,075 vendor subscribers in the United Kingdom and 57 vendor subscribers in Canada, respectively. More importantly, in March 2018, we launched our medical credentialing solution and have been growing the LoC base and paying subscriber base of this solution ever since. As of December 31, 2018, the LoCs adopting our medical credentialing solution and our medical staff subscribers reached 723 and 874, respectively, most of which signed up on our platform in the last two months of 2018.

From January 1, 2018, we unified our membership system to a universal annual membership fee of US$287. Under our prior four-level membership system, our blended average annual subscription fee was US$242.2 in 2017. Primarily due to the fee raise, our revenue increased by 8.4% from US$31.4 million in 2017 to US$34.0 million in 2018. Affected by our significant investments in research and development for medical credentialing and pipeline solutions and Listing expenses, our net profit decreased by 61.0% from US$7.8 million in 2017 to US$3.0 million in 2018.

Future Plans and Prospects

We strive to become the operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry that innovates and offers solutions based on verified data and information for users to monitor and comply with compliance requirements. To realize our goals, we plan to pursue the following strategies:

- We intend to reinforce our leading position through continued investments in growing our registered LoCs base, particularly with respect to driving LoCs to adopt our medical credentialing solution. We also plan to achieve this by leveraging our long-term relationships with existing registered LoCs to capture more LoCs to adopt our platform and different solutions.

- We plan to ramp up the penetration of the addressable medical credentialing market by increasing our investment in sales and marketing efforts to promote our medical credentialing solution to LoCs, medical staff and organizations of healthcare professionals. Additionally, we plan to strengthen our customer service to medical staff to enhance the user experience of our medical staff solution.

- We will continue to develop new solutions and add-on services to serve our existing and future subscribers. Currently, we have four major pipeline solutions, including entity credentialing, master scheduling, E-Badge and referral and recruitment. These solutions are expected to be launched in 2019 and contribute to our revenue growth.

- We seek to further implement our China strategies and roll out our business in China through our joint venture with Mr. Li Zheng, an ex-senior manager of Baidu's healthcare unit. We intend to first target Internet-based hospitals (namely, online platforms enabling healthcare institutions and medical professionals to provide healthcare services) that are specialized in certain clinical departments as their strategic focus.

- We are pursuing strategic alliances, investments and acquisition opportunities, especially for partners and targets that can contribute to the growth of LoCs or provide us potential gateways into our targeted markets. Our most recent acquisition of WAY in December 2018 is an example of the type of target we will pursue to gain further access to a market.

Since December 31, 2018, we did not experience any significant change in our pricing and there was no material change in our paying subscriber base. Except for Listing expenses as disclosed in the Prospectus, to the best of our Directors' knowledge, since December 31, 2018, there was no material adverse change to our financial position or business prospects in 2019 up to the Latest Practicable Date.

Results of Operations

The following table sets forth certain income and expense items from our consolidated statements of profit or loss and other comprehensive income and such items as a percentage of our revenue for the years indicated:

	Year ended December 31,			
	2018		2017	
	Amount	**% of revenue**	Amount	% of revenue
	(in thousands of US$, except for percentages)			
Revenue	**34,037**	**100.0**	31,399	100.0
Cost of sales	**(2,089)**	**(6.1)**	(1,606)	(5.1)
Gross profit	**31,948**	**93.9**	29,793	94.9
Selling and marketing expenses	**(4,331)**	**(12.7)**	(3,291)	(10.5)
General and administrative expenses	**(12,839)**	**(37.7)**	(9,864)	(31.4)
Research and development expenses	**(8,839)**	**(26.0)**	(5,877)	(18.7)
Other (losses)/gains, net	**107**	**0.3**	(987)	(3.1)
Operating profit	**6,046**	**17.8**	9,774	31.2
Finance costs	**(1,281)**	**(3.8)**	(79)	(0.3)
Finance income	**856**	**2.5**	813	2.6
Profit before income tax	**5,621**	**16.5**	10,508	33.5
Income tax expense	**(2,572)**	**(7.5)**	(2,696)	(8.6)
Profit for the year	**3,049**	**9.0**	7,812	24.9

Revenue

In 2017 and 2018, substantially all of our revenue was generated in the United States, with less than one percent of our total revenue generated in the United Kingdom and Canada.

Our revenue increased by 8.4% from US$31.4 million in 2017 to US$34.0 million in 2018, primarily attributable to an increase in revenue from credentialing services, and, to a lesser extent, an increase in revenue from add-on services other than online training. The following table sets forth a breakdown of our revenue by solutions and add-on services for the years indicated:

	Year ended December 31,			
	2018		2017	
	Amount	**% of revenue**	Amount	% of revenue
	(in thousands of US$, except percentages)			
Credentialing Solutions				
Vendor credentialing[(1)]	**32,154**	**94.5**	29,558	94.1
Medical credentialing	**111**	**0.3**	—	—
Subtotal	**32,265**	**94.8**	29,558	94.1
Add-On Services				
Online training[(2)]	**671**	**2.0**	1,285	4.1
Other add-on services[(3)]	**1,101**	**3.2**	556	1.8
Subtotal	**1,772**	**5.2**	1,841	5.9
Total	**34,037**	**100.0**	31,399	100.0

Notes:

(1) Primarily including revenue from (i) subscription of the annual membership of our vendor credentialing solution in 2017 and 2018; and (ii) subscription of the expedited processing option in 2017. Under our prior four-level membership system, only subscribers who purchased the higher level membership that included the expedited processing option or those who purchased the expedited processing option separately could enjoy expedited processing. Under our new membership system, effective from January 1, 2018, the expedited processing option was integrated as a part of the annual membership package to all paying vendor subscribers. See "Business — Pricing and Payment — Pricing" and "Business — Our Solutions and Add-On Services — Credentialing Solutions — Vendor Credentialing Solution — Vendor Subscribers" in the Prospectus for details.

(2) We changed our membership system and have ceased to offer online training as an add-on service since January 1, 2018, when it was integrated as a part of the annual membership package to all paying vendor subscribers. See "Business — Pricing and Payment — Pricing" and "Business — Our Solutions and Add-On Services — Credentialing Solutions — Vendor Credentialing Solution — Vendor Subscribers" in the Prospectus for details. The revenue recognized as online training in 2018 represented the fees received in 2017 for subscription of online training but recognized as contract liabilities.

(3) Primarily including revenue from radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral.

Revenue from credentialing services increased by 9.2% from US$29.6 million in 2017 to US$32.3 million in 2018, primarily because we unified our annual membership fee at four levels, which represented a blended average annual subscription fee of US$242.2, to a single fee of US$287. This increase was partially offset by the effect of ceasing to charge separate fees for subscriptions to the expedited processing option since January 1, 2018, when it became a part of our annual membership package.

We launched our medical credentialing solution in March 2018 and began recognizing revenue from such solution after we received relevant annual subscription fees. We had 874 paying subscribers as of December 31, 2018, most of which joined us in the last two months of 2018. Given that the revenue from credentialing services is recognized on a deferred basis, we did not generate significant revenue from medical credentialing solution in 2018. Additionally, 723 LoCs have adopted our platform for our medical credentialing as of December 31, 2018. However, medical staff associated with these LoCs are not required to subscribe to our medical credentialing solution until the expiration of their credentialing cycle with the relevant LoCs, upon which time medical staff must be re-credentialed with the LoCs. The credentialing cycle of medical staff generally ranges from two to three years. See "Business — Our Solutions and Add-On Services — Credentialing Solutions — Medical Credentialing Solution" in the Prospectus for details. As such, we expect the deferral due to the time for expiry of the credentialing cycle in the growth of medical staff subscribers and revenue from our medical credentialing solution to continue in the ramp-up period.

Revenue from add-on services decreased by 3.7% from US$1.84 million in 2017 to US$1.77 million in 2018, primarily due to the effect of ceasing to charge separate fees for subscriptions of online training as an add-on service since January 1, 2018, when it became a part of our annual membership package. Such decrease was partially offset by an increase in revenue from other add-on services, which was primarily attributable to increased purchases of our radiation exposure monitoring and immunization and vaccinations (including drug and antibody test) services.

Cost of Revenues

The following table sets forth a breakdown of our cost of revenues by nature of the expenses for the years indicated:

	Year ended December 31,			
	2018		2017	
	Amount	**% of revenue**	Amount	% of revenue
	(in thousands of US$, except percentages)			
Employee benefits expenses	**426**	**1.2**	331	1.1
Payment processing fees	**976**	**2.9**	911	2.9
Others(1)	**687**	**2.0**	364	1.1
Total	**2,089**	**6.1**	1,606	5.1

Note:

(1) Primarily including fees paid to suppliers of services in relation to online training (which used to be an add-on service and became a part of our annual membership package since January 1, 2018) and other add-on services.

Our total cost of revenues increased by 30.1% from US$1.6 million in 2017 to US$2.1 million in 2018, primarily due to (i) an increase in fees paid to suppliers of services in relation to online training and other add-on services, reflecting increased purchases of these services; and (ii) to a lesser extent, an increase in employee benefits expenses as a result of increased hourly rate and an increased number of our credentialing staff. The increase in employee benefits expenses was primarily due to the expedited processing option, which used to be applicable to a portion of our vendor subscribers, being integrated as a part of our annual membership package since January 1, 2018. This essentially shortened the average turnaround time for completion of the credentialing process for all vendor subscribers and thus increased the workload of our credentialing staff.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 7.2% from US$29.8 million in 2017 to US$31.9 million in 2018. Our gross profit margin decreased from 94.9% in 2017 to 93.9% in 2018, primarily attributable to an increased portion of revenue being received from our add-on services other than online training, the gross profit margin of which is lower than that of our credentialing solutions.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses by nature of the expenses for the years indicated:

	Year ended December 31,			
	2018		2017	
	Amount	**% of revenue**	Amount	% of revenue
	(in thousands of US$, except percentages)			
Employee benefits expenses	**2,623**	**7.7**	1,840	5.9
Promotion and advertisement expenses	**1,178**	**3.5**	1,149	3.7
Others(1)	**530**	**1.5**	302	0.9
Total	**4,331**	**12.7**	3,291	10.5

Note:

(1) Including professional service fees and operating lease charges in respect of office premises, amortization of intangible assets, and depreciation of property, plant and equipment.

Our selling and marketing expenses increased by 31.6% from US$3.3 million in 2017 to US$4.3 million in 2018, primarily attributable to an increase of 42.6% in employee benefit expenses from US$1.8 million in 2017 to US$2.6 million in 2018, which was primarily due to new hiring of sales and marketing employees to strengthen our sales and marketing force for promoting our newly launched medical credentialing solution. As a percentage of our revenue, selling and marketing expenses increased from 10.5% in 2017 to 12.7% in 2018.

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses by nature of the expenses for the years indicated:

	Year ended December 31,			
	2018		2017	
	Amount	**% of revenue**	Amount	% of revenue
	(in thousands of US$, except percentages)			
Employee benefits expenses	**3,899**	**11.5**	3,175	10.1
Management service fees	**939**	**2.7**	2,546	8.1
Listing expenses	**3,923**	**11.5**	1,112	3.5
Operating lease charges in respect of office premises	**509**	**1.5**	256	0.8
Others[1]	**3,569**[2]	**10.5**	2,775	8.9
Total	**12,839**	**37.7**	9,864	31.4

Notes:

(1) Including amortization of intangible assets, depreciation of property, plant and equipment, travel expenses, insurance and general office expenses.

(2) Including audit remuneration of US$181,000.

Our general and administrative expenses increased by 30.2% from US$9.9 million in 2017 to US$12.8 million in 2018, primarily attributable to a significant increase in Listing expenses from US$1.1 million in 2017 to US$3.9 million in 2018. As a percentage of our revenue, general and administrative expenses increased from 31.4% in 2017 to 37.7% in 2018. Excluding Listing expenses, general and administrative expenses as a percentage of our revenue would have decreased from 27.9% in 2017 to 26.2% in 2018.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses by nature of the expenses for the years indicated:

	Year ended December 31,			
	2018		2017	
	Amount	**% of revenue**	Amount	% of revenue
	(in thousands of US$, except percentages)			
Employee benefits expenses	**4,153**	**12.2**	3,638	11.6
Professional service fees	**3,304**	**9.7**	1,407	4.5
Others[(1)]	**1,382**	**4.1**	832	2.6
Total	**8,839**	**26.0**	5,877	18.7

Note:

(1) Including amortization of intangible assets, and depreciation of property, plant and equipment.

Our research and development expenses increased by 50.4% from US$5.9 million in 2017 to US$8.8 million in 2018, primarily due to the research and development of our pipeline solutions. Specifically, the increase was due to (i) a significant increase in professional service fees from US$1.4 million in 2017 to US$3.3 million in 2018 in relation to certain research projects for purposes of our pipeline solutions performed by technology consulting firms commencing in 2018; and (ii) an increase of 14.2% in employee benefits expenses from US$3.6 million in 2017 to US$4.2 million in 2018, which was due to new hiring of research and development employees to strengthen our research and development capability for our pipeline solutions. As a percentage of our revenue, research and development expenses increased from 18.7% in 2017 to 26.0% in 2018.

Other (Losses)/Gains, Net

We had other gains, net of US$0.1 million in 2018 compared to other losses, net of US$1.0 million in 2017, primarily due to the foreign exchange gain of our UK subsidiaries resulting from the depreciation of GBP against US$ in 2018.

Finance Costs

Our finance costs increased significantly from US$79,000 in 2017 to US$1.3 million in 2018, primarily due to the bank facility to finance the acquisition of Victos from ICTW as a part of the Reorganization in April 2018 (the "**Reorganization Facility**").

Finance Income

Our finance income remained largely stable at US$0.8 million and US$0.9 million in 2017 and 2018, respectively.

Income Tax Expense

Our income tax expense decreased by 4.6% from US$2.7 million in 2017 to US$2.6 million in 2018, primarily due to (i) a significant decrease in our taxable income and (ii) the enforcement of the Tax Cuts and Jobs Act of 2017 in the United States, which reduced our applicable federal corporate income tax rate from 34% to 21% in the United States effective from January 2018.

Our effective tax rate increased significantly from 25.7% in 2017 to 45.8% in 2018, primarily due to significant Listing expenses incurred by our Company, which is incorporated in the Cayman Islands and is therefore not subject to corporate income tax.

Net Profit and Net Profit Margin

Our net profit decreased by 61.0% from US$7.8 million in 2017 to US$3.0 million in 2018. Our net profit margin decreased from 24.9% in 2017 to 9.0% in 2018. The significant decrease in net profit and net profit margin was primarily due to the increased research and development expenses and Listing expenses, while our revenue grew at a lower rate of 8.4%.

Discussion of Certain Key Balance Sheet Items

The following table sets forth a breakdown of our current assets and current liabilities and total equity as of the dates indicated:

	As of December 31,	
	2018	2017
	(in thousands of US$)	
Current assets		
Deposits, prepayments and other receivables	**2,412**	2,823
Current income tax receivable	—	314
Amounts due from related parties	—	9,223
Restricted cash	**6,450**	968
Short-term bank deposits	**260**	—
Cash and cash equivalents	**26,538**	23,714
Total current assets	**35,660**	37,042
Current liabilities		
Borrowings	**12,731**	500
Trade payables	**56**	54
Other payables and accruals	**3,762**	3,054
Amounts due to related parties	**24**	646
Contract liabilities	**17,258**	15,807
Current income tax liabilities	**1,244**	181
Total current liabilities	**35,075**	20,242
Net current assets	**585**	16,800
Total Equity	**1,090**	50,489

Net Current Assets

Our net current assets decreased from US$16.8 million as of December 31, 2017 to US$0.6 million as of December 31, 2018, primarily due to (i) a significant increase in total current liabilities due to an increase in borrowings, which represented the current portion of the Reorganization Facility; and (ii) a decrease in total current assets, which was ultimately attributable to (a) cash consideration of US$70.0 million for the acquisition of Victos from ICTW as a part of the Reorganization in April 2018 and (b) cash consideration of US$3.2 million paid upon the completion of the WAY Acquisition in December 2018. The decrease was partially offset by (a) proceeds from the Reorganization Facility of US$42.4 million and (b) proceeds from issuance of Shares of US$18.0 million in relation to the Pre-IPO Investments. See "History, Reorganization and Development — The Pre-IPO Investments." in the Prospectus.

Amounts Due from Related Parties

Amounts due from related parties consisted of loans advanced to related parties of US$9.2 million as of December 31, 2017, which had been settled in full by October 31, 2018.

Restricted Cash

The current and non-current portion of our restricted cash consisted primarily of restricted deposits held at the relevant lenders as security corresponding to the current and non-current portion of relevant bank facilities, respectively. The following table sets forth our restricted cash as of the dates indicated:

	As of December 31,	
	2018	2017
	(in thousands of US$)	
Restricted cash — current	**6,450**	968
Restricted cash — non-current	**15,050**	23,000
Total	**21,500**	23,968

The current restricted cash as of December 31, 2017 represented the restricted deposits as security for a bank facility of our Group, which was released shortly after the balance sheet date given the underlying facility had been repaid by then. The non-current restricted cash as of December 31, 2017 represented the restricted deposits as security for a related party's bank facility, which was early released before June 30, 2018. The current and non-current restricted cash as of December 31, 2018 represented the restricted deposits as security for the Reorganization Facility.

Trade Payables

Our trade payables remained largely stable at US$54,000 and US$56,000 as of December 31, 2017 and 2018, respectively.

The following table sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,	
	2018	2017
Trade payables turnover days[1]	**9.6**	7.4

Note:

(1) Turnover days of trade payables is calculated by dividing (i) average of the beginning and ending balance of trade payables of the year by (ii) cost of revenues for the year multiplied by (iii) actual number of days for the year.

Our trade payable turnover days increased from 7.4 days in 2017 to 9.6 days in 2018, primarily due to the increased payables to the suppliers of services in relation to online training and other add-on services. Compared to credit card companies, which required immediate payment, our major suppliers for online training and other add-on services granted credit terms ranging from 15 to 30 days.

Amounts Due to Related Parties

Amounts due to related parties amounted to US$0.6 million as of December 31, 2017, which consisted primarily of management fees payable and expense allocation of shared administrative services, which had been settled in full in 2018.

The amounts due to related parties of US$24,000 as of December 31, 2018 consisted of rent payable under an office lease agreement we entered into with VTC Electronics in April 2018. See "Financial Information — Material Related Party Transactions" in the Prospectus for details.

Contract Liabilities

Contract liabilities represent annual membership fees and fees for certain add-on services, including online training and radiation exposure monitoring paid by our subscribers, which had not been recognized as revenue. We collect the annual membership fees in advance and amortize them over the year to recognize our revenue. The unamortized membership fees and fees collected from certain add-on services that had not been rendered as of the end of the year is thus classified as contract liabilities in the consolidated statements of financial position and will be recognized as revenue over the following year. See "Financial Information — Critical Accounting Policies — Revenue Recognition." in the Prospectus. Our contract liabilities increased by 9.2% from US$15.8 million as of December 31, 2017 to US$17.3 million as of December 31, 2018, primarily due to the increase of our annual membership fee since January 1, 2018.

Intangible Assets

Our intangible assets include mainly (i) goodwill and customer relationships recognized as the sum of the consideration minus the fair value of the identifiable net assets acquired and transaction cost in relation to our acquisitions and (ii) capitalization of our development expenditures. Our intangible assets increased by 46.4% from US$11.7 million as of December 31, 2017 to US$17.2 million as of December 31, 2018, which was primarily due to (i) goodwill and customer relationships of US$3.2 million recognized in relation to the WAY Acquisition in December 2018 and (ii) capitalization of development expenditures for certain pipeline solutions as the stage of their development satisfied our criteria for capitalization.

Total Equities

We had total equities of US$50.5 million and US$1.1 million as of December 31, 2017 and 2018, respectively. The significant decrease was primarily due to the cash consideration of US$70.0 million for the acquisition of Victos from ICTW as a part of the Reorganization, which was recognized as deemed distribution, and in turn resulted in negative other reserve of US$62.2 million. For details of this acquisition, see "History, Reorganization and Development — Our Reorganization — Reorganization Steps — Steps 3: Acquisition of the Listing Business by our Company." in the Prospectus.

Key Financial Ratios

The following table sets forth key financial ratios as of and for the years indicated:

	As of and for the year ended December 31, 2018	2017
Gross profit margin	**93.9%**	94.9%
Net profit margin	**9.0%**	24.9%
Current ratio[1]	**1.0**	1.8
Gearing ratio[2]	**3,891.8%**	1.0%
Return on equity[3]	**11.8%**	18.8%
Return on assets[4]	**4.4%**	11.1%

Notes:

(1) Current ratio is calculated by dividing (i) current assets by (ii) current liabilities as of the date indicated.

(2) Gearing ratio is calculated by dividing (i) total debts by (ii) total equity.

(3) Return on equity is calculated by dividing (i) profit for the year by (ii) the average of the beginning and end balance of total equity of the year.

(4) Return on assets is calculated by dividing (i) profit for the year by (ii) the average of the beginning and end balance of total assets of the year.

Gross Profit Margin

For details of our gross profit margin, see "— Results of Operations — Gross Profit and Gross Profit Margin."

Net Profit Margin

For details of our net profit margin, see "— Results of Operations — Net Profit and Net Profit Margin."

Current Ratio

Our current ratio decreased from 1.8 as of December 31, 2017 to 1.0 as of December 31, 2018, primarily due to (i) a significant increase in total current liabilities; and (ii) a decrease in total current assets. See "— Discussion of Certain Key Balance Sheet Items — Net Current Assets" for details.

Gearing Ratio

Our gearing ratio increased significantly from 1.0% as of December 31, 2017 to 3,891.8% as of December 31, 2018, primarily due to (i) the Reorganization Facility and (ii) the significant decrease in total equity as a result of the Reorganization, details of which are set out in "— Discussion of Certain Key Balance Sheet Items — Total Equities."

Return on Equity

Our return on equity decreased from 18.8% in 2017 to 11.8% in 2018, primarily due to a decrease of 61.0% in net profit, which was partially offset by a decrease in our average total equities as a result of the Reorganization, details of which are set out in "— Discussion of Certain Key Balance Sheet Items — Total Equities."

Return on Assets

Our return on assets decreased from 11.1% in 2017 to 4.4% in 2018, primarily due to a decrease of 62.0% in net profit while our total assets remained largely stable.

Capital Expenditure and Commitments

Capital Expenditure

The following table sets forth our capital expenditure in the years indicated:

	Year ended December 31,	
	2018	2017
	(in thousands of US$)	
Property, plant and equipment	**92**	8
Acquisition of WAY	**2,949**	—
Self-developed technology platform	**2,712**	—
Total	**5,753**	8

Our capital expenditure increased significantly from US$8,000 in 2017 to US$5.8 million in 2018, primarily due to (i) goodwill recognized in relation to the WAY Acquisition and (ii) capitalization of the development expenditures. See "— Management Discussion and Analysis — Discussion of Certain Key Balance Sheet Items — Intangible Assets." We do not expect to incur any significant capital expenditure in 2019 other than capitalization of development expenditures. We have primarily financed, and expect to continue to finance, our capital expenditure mainly through internally generated cash flows.

Capital Commitments

As of December 31, 2018, we were committed to an initial capital injection to Beijing Sciencare Technology Co., Ltd., a joint venture of our Company, of approximately US$1.0 million pursuant to the agreements entered into in May 2018. There is no deadline in the agreements as to the time of the contribution in respect of such commitment. In February 2019, we contributed US$0.3 million to Beijing Sciencare Technology Co., Ltd. as the first installment of our committed capital injection.

Lease Commitment

We lease servers and office buildings under non-cancellable operating lease agreements. The lease terms are between one and five years, and the majority of lease agreements are renewable at the end of the lease period at market rates. The following table sets forth our total future aggregate minimum lease payments under non-cancellable operating leases as of the dates indicated:

	As of December 31,	
	2018	2017
	(in thousands of US$)	
No later than 1 year	**309**	277
Later than 1 year and no later than 5 years	**30**	221
Total	**339**	498

Liquidity and Financial Resources

Our primary uses of capital are to satisfy our working capital needs and to fund our research and development projects. We financed our working capital primarily from (i) cash generated from operating activities, which primarily comprised cash payments we received from our subscribers for subscriptions to annual membership and add-on services, (ii) bank borrowings and (iii) proceeds from issuance of stock. In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents which are deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. We rely on cash and cash equivalents on hand and the cash generated from operating activities as the main sources of liquidity. As of December 31, 2018, the cash and cash equivalents, net current assets and total assets less current liabilities were US$26.5 million (as of December 31, 2017: US$23.7 million), US$0.6 million (as of December 31, 2017: US$16.8 million) and US$32.9 million (as of December 31, 2017: US$51.6 million), respectively.

Significant Investment Held, Material Acquisition and Disposal

Save as disclosed in this annual report and the Prospectus, the Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal during the year.

Indebtedness

Our indebtedness includes bank borrowings. The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,	
	2018	2017
	(in thousands of US$)	
Borrowings		
Current	**12,731**	500
Non-current	**29,690**	—
Total	**42,421**	500

As of December 31, 2017, the current borrowing balance represented a borrowing of US$0.5 million of which the interest rate ranged between 1.50% and 3.07%.

As of December 31, 2018, the borrowing balance represented the Reorganization Facility, the current and non-current portion of which amounted to US$12.7 million and US$29.7 million, respectively. Its interest rate was initially 4.34% and was updated to 4.45% in October 2018. The Reorganization Facility is secured by certain bank deposits. See "— Management Discussion and Analysis — Discussion of Certain Key Balance Sheet Items — Restricted Cash" for details.

Except as disclosed above, as of December 31, 2018, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges or hire purchase commitments, guarantees or other contingent liabilities, nor were we subject to any material covenants relating to our outstanding debts.

Contingent Liabilities

As of December 31, 2018, we were involved in a pending litigation with a former employee of IntelliCentrics USA as disclosed in "Business — Legal Proceedings and Compliance — Legal Proceedings — Dispute with a Former Employee" and Note 31 to the Accountant's Report in Appendix I to the Prospectus.

Except as disclosed above, we did not have any material contingent liabilities as of December 31, 2018.

Quantitative and Qualitative Disclosures About Market Risks

Please see "Financial Information — Financial Risk Disclosure" in the Prospectus for further information.

Code on Corporate Governance Practices

As we were not yet listed on the Stock Exchange for the year ended December 31, 2018, the CG Code was not applicable to us during such period under review. After the Listing, we will comply with the code provisions set forth in the CG Code.

Purchase, Sales or Redemption of Our Shares

As we were not yet listed on the Stock Exchange for the year ended December 31, 2018, this disclosure requirement is not applicable to us.

DIRECTORS

Executive Directors

Mr. Lin Tzung-Liang (林宗良), aged 55, is a Controlling Shareholder of our Company and has been a Director of our Company since June 3, 2016. On September 5, 2018, Mr. Lin was appointed as the Chairman of the Board and designated as an executive Director. Since Mr. Lin joined our Group, he has been the driving force behind the development, growth and expansion of our Group's business. Mr. Lin is primarily responsible for formulating the overall development strategies and business plans and overseeing the operations of our Group. Mr. Lin is also a director of several of our principal operating entities.

Mr. Lin founded VTC Electronics in 1995 and has been an entrepreneur since then. Mr. Lin has over 20 years of investment and management experience in various industries including healthcare industry.

Mr. Lin obtained his bachelor's degree in Business Administration from Soochow University in June 1987, and his master's degree in Business Administration from Peking University in July 2016.

Mr. Michael James Sheehan, aged 50, has been with our Group for over 14 years, and he joined our Group as a director of USA deView (a member of our Group) in June 2004. He was responsible for incorporating USA deView, a wholly-owned subsidiary of our Group for the purpose of introducing the company's products to North America. In June 2010, while retaining all of his current responsibilities, he was named to the board of directors of the parent company VTC Electronics and held this position until June 2016. In this capacity, Mr. Sheehan was subsequently given the additional responsibility of overseeing our Group's operations in the United Kingdom. In April 2012, Mr. Sheehan was named group chief executive officer of the parent company VTC Electronics and remained in that position until the reorganization of VTC Electronics which separated the CCTV Business from the Listing Business. Following the reorganization, Mr. Sheehan devoted his time exclusively to the operations of our Group in the capacity of Chief Executive Officer and was appointed as an executive Director on September 5, 2018. In this role, Mr. Sheehan is primarily responsible for overseeing the management and operation of our Group's overall business, including the development of our business model, technology development and selection, development of our business growth strategies, our Group's decision making processes and organizational structure, and the management of day to day operations. Mr. Sheehan is also a director of several of our principal operating entities.

Prior to joining our Group in 2004, Mr. Sheehan was with Honeywell from 1995 to 2004 and by the time he left, he was named the Vice President of Six Sigma, a position which he held until he joined our Group as a director of USA deView in 2004.

Mr. Sheehan obtained his bachelor's degree in Apparel Merchandising from the College of Arts and Sciences at Indiana University Bloomington in May 1991.

Non-executive Directors

Mr. Lin Kuo-Chang (林國璋), aged 60, has been a non-executive Director of our Company since September 5, 2018. He is primarily responsible for providing strategic advice and guidance on the business development and expansion of our Group. Mr. Lin Kuo-Chang has nearly 30 years of experience in corporate governance, securities and investments.

Mr. Lin Kuo-Chang was the supervisor of VTC Electronics from June 2013 to May 2014 and became a director of VTC Electronics from May 2014 to March 2017. He served as a president at First Taisec Securities from April 2003 to March 2008. Prior to that, between February 1998 and February 2003, he served as the chairman and general manager of Grand Orient Securities (大東證券) in February 1998, the general manager of Xie He Securities (協和證券) in April 2002, and was with Waterland Futures Brokerage Co., Ltd. (國票期貨經紀股份有限公司) between November 2002 and February 2003. From June 1983 to January 1998, he was with Jian Hong Securities Co., Ltd. (建弘證券股份有限公司) where he held the position of vice general manager at the Underwriting Department and vice president at the Sales Department.

Mr. Lin Kuo-Chang obtained his bachelor's degree in Insurance from Tamkang University in June 1981.

Mr. Sean Fang (方頌和), aged 50, has been a non-executive Director of our Company since September 5, 2018. He is primarily responsible for providing strategic advice and guidance on the business development and expansion of our Group. Mr. Fang has experience in investment banking and private equity.

He has been working as the director of Midas General Partner since May 2017. Mr. Fang was engaged as a licensed representative of Citigroup Global Markets Asia Limited from November 2010 to July 2012, Citigroup Global Markets Hong Kong Futures and Securities Limited from November 2010 to January 2012. From August 2007 to July 2010, Mr. Fang served as the director at Affinity Equity Partners (HK) Limited and was also engaged as its licensed representative from December 2007 to July 2010. From April 2003 to June 2003, Mr. Fang was a licensed representative of UBS Securities Asia Limited.

Mr. Fang was admitted as a certified public accountant in the United States from October 1996 to June 1999. Mr. Fang obtained his bachelor's degree in Economics from the University of California at Berkeley in December 1992, and his master's degree in Business Administration from New York University Leonard N. Stern School of Business in May 1996.

Independent Non-executive Directors

Mr. Chan Kwok Wai (陳國威), aged 62, was appointed an independent non-executive Director of our Company since March 14, 2019. He is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Chan has more than 20 years of experience in accounting, banking and professional services industries.

Mr. Chan was an executive director and the head of greater China at Hang Seng Bank Ltd., a company listed on the Stock Exchange (stock code: 11), from February 2016 to May 2017. Prior to that, he served as an executive director of Sun Hung Kai Properties Ltd., a company listed on the Stock Exchange (stock code: 16) from July 2009 to November 2015 and the chief financial officer of the same company from July 2009 to January 2016. From 1995 to 2009, he held various roles at Hang Seng Bank Ltd., including executive director and general manager, chief financial officer, deputy general manager, assistant general manager and head of Financial Control Division. Mr. Chan was also appointed as an accounting consultant of the Ministry of Finance of PRC.

Mr. Chan was admitted as (i) an associate of the Institute of Chartered Secretaries and Administrators in November 1989; (ii) a fellow of the Association of Chartered Certified Accountants (formerly known as the Chartered Association of Certified Accountants) in November 1991; (iii) a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) in September 1994; (iv) a member of the Society of Trust and Estate Practitioners in May 2004; and (v) an associate financial planner of the Institute of Financial Planners of Hong Kong in March 2012. Mr. Chan received his master's degree in Business Administration from University of Warwick in July 1993.

Taking into account Mr. Chan's past experience and qualifications, our Company takes the view that he is familiar with the financial statements, internal control and risk management system of listed companies and has appropriate accounting and related financial management expertise to handle accounting and financial required of him as an independent non-executive Director of our Company.

Mr. Lo Chiang, also known as John Law (羅強), aged 68, was appointed an independent non-executive Director of our Company since March 14, 2019. He is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Lo has over 14 years of experience in banking and finance.

Mr. Lo currently serves as a non-executive director of Far East Horizon Limited, since October 2012, a company listed on the Stock Exchange (stock code: 3360), a director of Rizal Commercial Banking Corp., since April 2015, a company listed on the Philippine Stock Exchange (stock symbol: RCB), as well as a nominee director of Khan Bank LLC. in Mongolia since November 2016. He served as an independent director of Bank of Hangzhou Co., Ltd. from September 2013 to February 2017, a company listed on the Shanghai Stock Exchange (stock code: 600926). He also served as a director of Industrial Bank Co., Ltd. from October 2007 to October 2010 a company listed on the Shanghai Stock Exchange (stock code: 601166), and a director of Bank of Nanjing Co., Ltd from April 2005 to June 2009, a company listed on the Shanghai Stock Exchange (stock code: 601009).

He has been serving as a Greater China senior advisor at Oliver Wyman since January 2013. From March 2004 to October 2012, Mr. Lo served as a principal banking specialist at International Finance Corporation of the World Bank Group.

Mr. Lo received his bachelor's degree in Psychology from Chung Yuan Christian University (formerly known as Chung Yuan Christian College of Science and Engineering) in June 1974, his master's degree in Poetry from Universite de Paris VII in October 1979, and his master's degree in Business Administration from Indiana University (Bloomington) in May 1982.

Mr. Shen Haipeng (沈海鵬), aged 42, was appointed an independent non-executive Director of our Company since March 14, 2019. He is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Shen has nearly 15 years of experience in analytics and innovation.

Since July 2018, Mr. Shen has been appointed as the independent director of Zhou Dasheng Jewelry Holding Ltd. (周大生珠寶股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2867). Mr. Shen currently serves as the associate dean (executive education) at the Faculty of Business and Economics at the University of Hong Kong. He has been a professor of innovation and information management at the University of Hong Kong since September 2015. Prior to that, Mr. Shen was a tenured full professor from July 2014 to August 2015, a tenured associate professor from July 2009 to June 2014 and a tenure-track assistant professor from July 2003 to June 2009 at the Department of Statistics and Operations Research at the University of North Carolina Chapel Hill. He was also a visiting associate professor at the Wharton School, University of Pennsylvania from July 2012 to June 2013.

Mr. Shen obtained his bachelor's degree in Mathematics from the School of Mathematical Sciences at Peking University in July 1998, his master's degree in Art from the University of Pennsylvania in November 2000, and his doctor's degree in Philosophy from the University of Pennsylvania in August 2003.

SENIOR MANAGEMENT

For the biographical details of Mr. Lin Tzung-Liang and Mr. Michael James Sheehan, please see "— Directors — Executive Directors " of this section.

Mr. Chen Yung-Fa (陳勇發), aged 54, joined our Group in May 2013 as a special assistant and was appointed as the chief financial officer of VTC Electronics in July 2013 and continues to serve as the Chief Financial Officer of our Group after the Reorganization. Mr. Chen has overall responsibility for the financial management of each member of our Group and our Group's investment and financing activities, as well as investor relationship of our Group. Mr. Chen has nearly 20 years of experience in financial services industry.

Prior to joining our Group, Mr. Chen served as the vice general manager of finance in Continental Engineering Corp. (大陸工程股份有限公司), between August 1998 and April 2010, a company formerly listed on the Taiwan Stock Exchange (stock code: 2526), and held the role of vice general manager of finance and the spokesman of Continental Holding Corporation (欣陸投資控股股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 3703) from April 2010 and June 2011. From September 2011 to November 2012, Mr. Chen served as the chief financial officer of DaChan Food (Asia) Limited, a company listed on the Stock Exchange (stock code: 3999).

Mr. Chen obtained his bachelor's degree in Business Administration from National Taiwan University in June 1987, and his master's degree in Business Administration from University of Colorado in May 1992.

Mr. David Edward Taylor, aged 43, was appointed Chief Innovation Officer of our Group in April 2019, with overall responsibility for our Group's technology and innovation, including market intelligence, strategic planning, platform design and development, cyber security and market acquisition. Mr. Taylor joined our Group in February 2016.

Prior to joining our Group, Mr. Taylor was involved in the field of healthcare technology for over 10 years. Between December 2003 and December 2015, Mr. Taylor served at Trintech Inc., holding a number of roles including the Director of Finance and Strategy in 2003, Vice President (Strategy) from 2006 to 2011 and the Executive Vice President (Product and Marketing Platforms (Cloud)) from 2011 to 2015. Between May 2015 and February 2016, Mr. Taylor served as the Vice President (Product Management) of nThrive (formerly known as Medassets, Inc.).

Mr. Taylor was admitted to Associate Membership at the Chartered Institute of Management Accountants in November 2005, and obtained his master's degree in Business Administration from the University of Texas at Dallas in August 2008.

Ms. Nimisha Savani, aged 53, joined our Group as the Chief Marketing Officer in April 2018. She is primarily responsible for our Group's sales and marketing functions including strategic planning, geographic expansion, market segmentation and management, product pricing, launch prioritization and product introduction.

Prior to the joining the Group, from November 2014 to April 2018, Ms. Savani was the Vice President, Vertical Chief, Healthcare at Academic Partnerships, providing leadership and direction in various areas including integrated marketing and field sales. Between January 2013 and February 2014, Ms. Savani served as the Vice President for Communications, Marketing and Public Affairs for University of Texas Southwestern Medical Center. Between October 2001 and July 2012, Ms. Savani held a variety of marketing and communications roles at ConvaTec Inc., (formerly a Bristol Myers Squibb Company — divested to Nordic Capital and Avista Capital Partners in August 2008) culminating in the role of Vice President, Corporate Affairs. From December 1999 to May 2001, she held roles at Investor Force, Inc.. Between April 1988 to March 1996, she held a variety of roles in customer service, operations and internal audit for Royal Bank of Canada.

Ms. Savani received her bachelor's degree in Science from the University of Toronto in June 1986, and her master's degree in Business Administration from Villanova University in December 1997. Ms. Savani became a lifetime member of the Beta Gamma Sigma business honor society and the Honor Society of Phi Kappa Phi in 1998. She also completed a number of Wharton Fellows Master Classes at the University of Pennsylvania from 2005 to 2008.

Mr. Michael McDonald, aged 55, joined our Group in March 2019 and was promoted to the Chief Operating Officer in April 2019. He is primarily responsible for our Group's operations, corporate development, human resources, talent acquisition and organizational development and acting as key liaison with external counsel.

Prior to joining our Group, Mr. McDonald was involved in the technology and operations field. Most recently, Mr. McDonald was Executive Vice President of Operations and Manufacturing with Peacock Alley. Prior to that, Mr. McDonald was with Everthread, a Series A technology startup offering a SaaS Platform to mid and large retail clients looking to increase e-commerce and in-store sales, where he consulted on service delivery operations, legal and organizational structure. Mr. McDonald's previous senior leadership experience includes international distribution and sourcing, product development, legal, international manufacturing, supply chain management, purchasing, facilities, warranty and customer services management. In addition to his experience as an operational leader, Michael is a Texas licensed lawyer with extensive international deal making experience in the software industry.

Mr. McDonald was admitted to the Texas State Bar in 1993. He received his bachelor's degree in Business Administration from Concordia University and his Juris Doctor degree from Louisiana State University.

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2018.

Reorganization and Global Offering

Our Company was incorporated in the Cayman Islands on June 3, 2016 in the Cayman Islands as an exempted company with limited liability. Pursuant to a group reorganization, as fully explained in the section of "History, Reorganization and Development" in the Prospectus, the Company became the holding company of the companies now comprising the Group. The Shares were listed on the Stock Exchange on March 27, 2019.

Use of Proceeds from the Company's Global Offering

The aggregate net proceeds from the Global Offering, after deducting the underwriting commissions, discretionary incentive fees and estimated expenses payable by the Company in relation to the Global Offering, amounted to approximately HK$357.3 million. The Company intends to apply such net proceeds as follows:

- approximately 65.7% of the net proceeds (approximately HK$234.6 million) will be used for sales and marketing efforts, primarily for promoting our newly launched medical credentialing solution and pipeline solutions over the next three years;
- approximately 32.9% of the net proceeds (approximately HK$117.7 million) will be used for repaying the principal amount of a bank facility in connection with the Reorganization. The bank facility had a term of three years to be matured upon April 16, 2021 with an interest rate of 4.45% as of December 31, 2018; and
- approximately 1.4% of the net proceeds (approximately HK$5.0 million) will be used for working capital and other general corporate purposes.

Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for further details. As disclosed in the Prospectus, to the extent that the net proceeds from the Global Offering are less than expected, the allocation of the net proceeds will be adjusted after repaying the principal amount of the bank facility. The additional net proceeds of approximately HK$39.65 million to be received by the Company from the issue and allotment of Shares pursuant to the partial exercise of the Over-Allotment Option after deducting the underwriting commissions and other estimated expenses in connection with the partial exercise of the Over-Allotment Option, will be used by the Company as to approximately HK$34.62 million for working capital and other general corporate purposes. The remaining net proceeds of approximately HK$5.03 million from the exercise of the Over-Allotment Option together with the Company's other resources as disclosed in the Company's announcement of offer price and allotment results dated March 26, 2019 will be used for funding potential acquisitions and developing strategic alliances as disclosed in the section headed ''Future Plans and Use of Proceeds'' in the Prospectus. The Group did not utilize any part of the proceeds from the Listing Date and up to the Latest Practicable Date.

Principal Activities

The Company, together with its subsidiaries, operate a credentialing platform for compliance and security purposes in the healthcare industry. The Company is an investment holding company and its subsidiaries primarily operate a platform that collects, processes and verifies data and information in accordance with the different requirements of LoCs, including hospitals and other types of locations where healthcare services are provided, so that the data and information can be trusted to determine whether the subscriber is compliant with the requirements.

A list of the Company's subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 25 to the consolidated financial statements.

Business Review

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in "Chairman's Statement" on pages 4 to 5 of this annual report and in "Management Discussion and Analysis — Business Review" on pages 6 to 17 of this annual report. The financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. Significant events that have an effect on the Group subsequent to the end of the financial year ended December 31, 2018 are set out in note 37 to the consolidated financial statements. Besides, the potential risks and uncertainties faced by the Group, key relationship between the Group and its employees, customers and suppliers, the environmental policies of the Group and compliance with the relevant laws and regulations which have significant impact are set out below.

(i) Principal risks and uncertainties

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in its businesses and operations as efficiently and effectively as possible. Mr. Sheehan, Chief Executive Officer of the Company, reports functionally to the Board and the Audit Committee assists the Board in overseeing the risk management and internal control systems.

The Group's principal business activities are operating a credentialing platform for compliance and security purposes in the healthcare industry. It will be exposed to a variety of key risks including operational risk, compliance risk and legal risk. There may be other risks and uncertainties which are not known to the Group or which may not be material.

(ii) Environmental policies and performance

The Group recognizes the importance of proper adoption of environmental policies which is essential to the attainability of corporate growth. Management has formulated an environment management policy for the Group based on applicable environmental laws, regulations and standards. The environmental protection and work safety department is responsible for designing and reviewing the internal control measures to ensure compliance with applicable environmental laws and regulations.

(iii) Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in the United States, provinces of Quebec and Ontario, Canada and the United Kingdom while the Company is a holding company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange. The Group's establishments and operations accordingly shall comply with relevant laws and regulations in the United States, provinces of Quebec and Ontario, Canada and the United Kingdom, the Cayman Islands and Hong Kong. In 2018, our businesses were in compliance with all the relevant laws and regulations in the United States, provinces of Quebec and Ontario, Canada and the United Kingdom, the Cayman Islands and Hong Kong in all material aspects.

(iv) Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers and Shareholders.

(a) Employees

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

(b) Customers

The Group's principal customers are the paying subscribers. The Group has the mission to provide excellent service whilst maintain our long-term profitability, business and asset growth. Various means have been established to strength the communication between the customers and the Group in the provision of excellent service.

(c) Suppliers

Sound relationships with key suppliers of the Group are important in supply chain which can derive cost effectiveness and foster long-term business benefits. The key suppliers include credit card and payment processing companies and suppliers of services in relation to our add-on services.

(d) Shareholders

One of the Group's corporate goals is to enhance corporate value to Shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding Shareholders by stable dividend payouts taking into account factors including financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and surplus of the Group.

(v) Events after the reporting period

On March 27, 2019, our Company was successfully listed on the Main Board of the Stock Exchange. The gross proceeds derived from the Global Offering amounted to approximately HK$357.3 million.

On April 25, 2019, 7,641,500 ordinary shares were issued and allotted pursuant to the partial exercise of the Over-Allotment Option (as defined in the Prospectus), details of which are set out in note 37 to the consolidated financial statements in this annual report.

Results and Dividend

The results of the Group for the year ended December 31, 2018 are set out in the section headed "Consolidated Statement of Comprehensive Income" of this annual report.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2018.

Share Capital

Details of the movements in the share capital of the Company for the year ended December 31, 2018 are set out in note 25 to the consolidated financial statements in this annual report.

Reserves

Details of the movements in the reserves of the Group for the year ended December 31, 2018 are set out in the section headed "Consolidated Statement of Changes in Equity" of this annual report.

As of December 31, 2018, the Company had a share premium balance of US$20.8 million, which shall be available for distribution to the Shareholders.

Property, Plant and Equipment

Details of the movements during the year in the Group's property, plant and equipment are set out in note 15 to the consolidated financial statements in this annual report.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past four financial years are set out in the section headed "Financial Summary" of this annual report.

Borrowings

As of December 31, 2018, the Group has borrowings of US$42.4 million (2017: US$0.5 million).

Pledge of Assets

As of December 31, 2018, the bank deposits of US$21.5 million was restricted deposits held as security for the certain banking borrowings of the Group.

Major Customers and Suppliers

Our customers comprised our paying subscribers. As of December 31, 2018, we had 119,205 paying subscribers in the United States, the country in which a significant portion of our customers are located. In 2018, no single customer contributed more than 1% to our total revenue and we did not have a concentration risk.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 84.8% (2017: 89.6%) of the total purchases for the year and purchases from the largest supplier accounted for approximately 29.1% (2017: 39.9%) of our total purchases.

To the best knowledge of the Directors, none of the Directors or any of their close associates (as defined in the Listing Rules) or Shareholders that owned more than 5% of the issued Shares had any direct or indirect interest in the five largest customers or the five largest suppliers of the Group during the year ended December 31, 2018.

Directors

The Directors as of date of this annual report are as follows:

Executive Directors

Mr. Lin Tzung-Liang *(Chairman) (appointed on June 3, 2016)*
Mr. Michael James Sheehan *(Chief Executive Officer) (appointed on September 5, 2018)*

Non-executive Directors

Mr. Lin Kuo-Chang *(appointed on September 5, 2018)*
Mr. Sean Fang *(appointed on September 5, 2018)*

Independent Non-executive Directors

Mr. Chan Kwok Wai *(appointed on March 14, 2019)*
Mr. Lo Chiang *(appointed on March 14, 2019)*
Mr. Shen Haipeng *(appointed on March 14, 2019)*

The Biography of the Directors and Senior Management

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

Service Contracts of the Directors

Each of the Directors has entered into a service contract with the Company for a term of three years and shall be terminable by either party giving not less than three months' notice in writing to the other.

In accordance with Article 109(a) of the Articles of Association, each of the Directors will hold office until the forthcoming AGM and will then be eligible for re-election. None of the Directors proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Disclosure of Changes in Information on Directors

Pursuant to Rule 13.51(B) of the Listing Rules, there was no change of information on Directors for the year ended December 31, 2018.

Remuneration of the Directors and Five Highest Paid Individuals

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in notes 8 and 36 to the consolidated financial statements in this annual report.

The annual remuneration of the members of the senior management by band for the year ended December 31, 2018 is as follows:

	Number of individuals
Emoluments bands:	
HK$1,000,001 to HK$1,500,000	—
HK$1,500,001 to HK$2,000,000	2
HK$2,000,001 to HK$2,500,000	—
HK$2,500,001 to HK$3,000,000	2
HK$3,000,001 to HK$3,500,000	—
HK$3,500,001 to HK$4,000,000	—
HK$4,000,001 to HK$4,500,001	1
	5

Remuneration Policy

As of December 31, 2018, the Group had 131 employees (December 31, 2017: 98 employees). Total staff remuneration expenses including Directors' remuneration in 2018 amounted to US$10.7 million (2017: US$8.6 million). Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other staff benefits include social insurance, performance-based compensation and discretionary bonus.

The Group has adopted the Pre-IPO Share Option Scheme to reward the participants for their past contributions to the success of the Group and to provide incentives to them to further contribute to the Group. 11,535,000 Share Options have been granted to 1 Director and 45 employees of the Group up to the Latest Practicable Date. Details of the grant of restricted shares are set out in the Prospectus of the Company dated March 18, 2019.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

Independence of the Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company believes that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

Non-Competition Undertakings

As disclosed in the Prospectus, our Controlling Shareholders, Mr. Lin Tzung-Liang and Ocin Corp., have undertaken to the Company in a deed of non-competition (the "**Deed of Non-Competition**") that, except with the prior written consent of the Company, during the Non-Compete Period, they would not, directly or indirectly, carry out, control or provide consultancy or similar services to, any business that competes or may compete with the principal business of the Group which is the provision of credentialing services for vendor representatives and/or medical staff. Nothing in the undertakings shall prevent the Controlling Shareholders from acquiring a direct or an indirect shareholding interest or interest in other securities of not more than 5% (individually or taken together with their respective close associates) in a company listed on a recognised stock exchange anywhere in the world and engaged in any business that competes or may compete with the principal business which the Group carries out as at the Listing Date which is the provision of credentialing services for vendor representatives and/or medical staff.

Our Controlling Shareholders have undertaken in the Deed of Non-Competition to provide and to procure the provision to us all information necessary for the enforcement of the undertakings contained therein and they have further undertaken to make a statement in our annual report confirming their compliance with the terms of the Deed of Non-Competition.

Each of our Controlling Shareholders has provided a written confirmation to the Company confirming that it has complied with the terms of the Deed of Non-Competition up to the date of this annual report.

Directors' Interests in Competing Businesses

Saved as disclosed in the section headed "Relationship with Our Controlling Shareholders" of the Prospectus and this annual report, as of December 31, 2018, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or 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) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests/short positions in the Shares of our Company

Name of Director or Chief Executive	Nature of interest	Number of Shares[1]	Approximate percentage of interest in the Company
Mr. Lin[2]	Interests in a controlled corporation	289,269,895	63.28%
Mr. Sheehan[3]	Beneficiary of a trust	40,000,000	8.75%
	Beneficial owner	5,000,000	1.11%
Mr. Lin Kuo-Chang	Beneficial owner	680,000	0.15%

Notes:

1. All interests stated are long positions.

2. The entire issued share capital of Ocin Corp. is directly held by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 289,269,895 Shares held by Ocin Corp.

3. Mr. Sheehan Trust is a trust associated with Mr. Sheehan with Mr. Sheehan being a beneficiary and the trustee. Accordingly, Mr. Sheehan is deemed to be interested in the 40,000,000 Shares held by Mr. Sheehan Trust. Mr. Sheehan is also interested in 5,000,000 Pre-IPO Share Options granted to him under the Pre-IPO Share Option Scheme entitling him to receive 5,000,000 Shares subject to vesting.

(ii) Interests/short positions in the share capital or debentures of the associated corporations of our Company

Name of Director or Chief Executive	Name of associated corporation of our Company	Capacity/nature of interest	Number of shares in the corporation[1]	Approximate percentage of interest in the corporation
Mr. Lin	Ocin Corp.	Beneficial owner	435,800	100%

Note:

1. All interests stated are long positions.

Save as disclosed above, as of the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which (a) were required 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) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As of the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity and nature of interest	Number of Shares[1]	Approximate percentage of interest in the Company
Ocin Corp.[2]	Beneficial owner	289,269,895	63.28%
Mr. Sheehan Trust[3]	Beneficial owner	40,000,000	8.75%

Notes:

1. All interests stated are long positions.
2. The entire issued share capital of Ocin Corp. is directly held by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 289,269,895 Shares held by Ocin Corp.
3. Mr. Sheehan Trust is a trust associated with Mr. Sheehan with Mr. Sheehan being a beneficiary and the trustee. Accordingly, Mr. Sheehan is deemed to be interested in the 40,000,000 Shares held by Mr. Sheehan Trust.

Save as disclosed above, as of the Latest Practicable Date, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which shall be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme by the Board's resolutions dated August 7, 2018. The purpose of the Pre-IPO Share Option Scheme is to provide with certain incentives thereto in order to reward the participants for their past contributions to the success of the Group and to maintain or attract business relationships with the grantees whose contributions are or may be beneficial to the growth of Company. As of the date of this annual report, the Company had granted Share Options under the Pre-IPO Share Option Scheme to 46 grantees to subscribe for an aggregate of 11,535,000 Shares, and none of such Share Options have been vested or exercised.

Details of the interests of the Directors, senior management, other employees and consultants of the Group in the Share Options under the Pre-IPO Share Option Scheme are set out below.

Name of grantees	Main Position in the Group	Date of grant	Vesting Period	Exercise price (US$ per share)	Number of Shares to be issued upon full exercise of the Share Options under the Pre-IPO Share Option Scheme
Director of our Company					
Michael James Sheehan	Executive Director and Chief Executive Officer	February 18, 2019	5 years	0.875	5,000,000
Sub-total:					5,000,000
Senior Management of our Company					
Chen Yung-Fa	Chief Financial Officer	February 18, 2019	5 years	0.875	1,600,000
David Edward Taylor	Chief Innovation Officer	February 18, 2019	5 years	0.875	1,300,000
Nimisha Savani	Chief Marketing Officer	February 18, 2019	5 years	0.875	900,000
Michael McDonald	Chief Operating Officer	February 18, 2019	5 years	0.875	500,000
Sub-total:					4,300,000
Other Employees in Aggregate	—	February 18, 2019	5 years	0.875	1,545,000
Consultants of Our Group	—	February 18, 2019	5 years	0.875	690,000
Total					11,535,000

Subject to the Pre-IPO Share Option Scheme, the Share Options shall be vested in the following manner:

Tranche	Vesting Date
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2020
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2021
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2022
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2023
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2024

Directors' Rights to Acquire Shares or Debentures

At no time during the year ended December 31, 2018, there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Interests in Transaction, Arrangement or Contract of Significance

Save as disclosed in this annual report and the Prospectus, no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or at the end of 2018.

Related Party Transactions

Related party transactions during the year ended December 31, 2018 are disclosed in note 30 to the consolidated financial statements in this annual report. None of these related party transactions constituted connected transaction or continuing connected transaction under the Listing Rules.

Management Contracts

The Company did not enter into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group during the year ended December 31, 2018.

Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed in this annual report, neither contract of significance made between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during the year ended December 31, 2018.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual report and the Prospectus, the Company had no future plans for material investments or capital assets during the year ended December 31, 2018.

Directors' Permitted Indemnity Provision

Under the Articles of Association, the Directors and officers of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of the duties of his office or otherwise in relation thereto.

Equity-Linked Agreements

Save for the Pre-IPO Share Option Scheme as set out under the section "Pre-IPO Share Option Scheme" of this Directors' Report and the Pre-IPO Investments as disclosed in the Prospectus, no equity-linked agreements were entered into by the Company, or existed during the year ended December 31, 2018.

Pre-Emptive Rights

There are no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands where the Company is incorporated which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Dividend

The Board does not recommend the payment of a final dividend for the year ended December 31, 2018.

AGM and Closure of Register of Members

The 2019 AGM of the Company will be held on Thursday, June 6, 2019. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 3, 2019 to Thursday, June 6, 2019, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 31, 2019.

Tax Relief

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

Corporate Governance

The Corporate Governance Report is set out on pages 39 to 48 of this annual report.

Sufficiency of Public Float

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times as of the date of this report.

Auditor

The Company has appointed PricewaterhouseCoopers as the auditor of the Company for the year ended December 31, 2018. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board

Lin Tzung-Liang
Chairman and Executive Director

Hong Kong, April 26, 2019

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Board has adopted the code provisions of the CG Code set out in Appendix 14 to the Listing Rules. Since the Listing Date and up to the date of this annual report, the Company has complied with the code provisions under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

As the Company was not listed on the Stock Exchange as of 31 December 2018, related rules under the Listing Rules concerning the Model Code that Directors shall observe did not apply to the Company for the year ended 31 December 2018.

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to the date of this annual report.

BOARD OF DIRECTORS

The Board of the Company currently comprises seven members as follows:

Executive Directors

Mr. Lin Tzung-Liang *(Chairman)*
Mr. Michael James Sheehan *(Chief Executive Officer)*

Non-executive Directors

Mr. Lin Kuo-Chang
Mr. Sean Fang

Independent Non-executive Directors

Mr. Chan Kwok Wai
Mr. Lo Chiang
Mr. Shen Haipeng

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 21 to 23 of this annual report. The relationships between the members of the Board are also disclosed under the same section.

Independent Non-executive Directors

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experiences and qualifications to carry out their duties so as to protect the interests of the Shareholders of the Company. Among the three independent non-executive Directors, one of them has appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has also received a written annual confirmation from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers that all independent non-executive Directors are independent with reference to the guidelines stated in the Listing Rules.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors is appointed under a service contract for a term of three years which is terminable by either party by giving three months' written notice to the other party.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation and re-election at AGM at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting and any Director appointed by the Board as an addition to the Board shall hold office until the next following AGM after his appointment and they will be subject to re-election at such meeting.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and 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.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the 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.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

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 co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal and comprehensive induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

For the year end December 31, 2018 up to the Latest Practicable Date, the Company organized two training sessions conducted by lawyers for Directors and all Directors have attended the training sessions. The sessions conducted by lawyers focused on corporate governance, directors' duties, responsibilities and obligations under the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website (www.intellicentrics-global.com) and the Stock Exchange's website (www.hkexnews.hk) and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Board of Directors" in this Corporate Governance Report.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three members, namely Mr. Chan Kwok Wai, Mr. Lo Chiang and Mr. Sean Fang, with Mr. Chan Kwok Wai, our independent non-executive Director who possesses the appropriate accounting or related financial management expertise, being the chairman of the committee.

The primary duties of the Audit Committee are to review, supervise, and assist our Board in providing an independent view of, our financial reporting processes, and internal control and risk management systems, as well as to oversee the audit process, review our annual and interim financial statements, provide advice and comments to the Board on matters related to corporate governance, and perform other duties and responsibilities as assigned by our Board from time to time.

Since the Listing Date and up to the date of this annual report, the Audit Committee held one meeting. The members of Audit Committee reviewed and discussed with the external auditors of the Company on the Group's audited consolidated financial statements for the year ended December 31, 2018. They were of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditors of the Group may request a meeting of the Audit Committee to be convened if they consider that is necessary.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three members, namely Mr. Lo Chiang, Mr. Lin Kuo-Chang and Mr. Shen Haipeng, with Mr. Lo Chiang, our independent non-executive Director, being the chairman of the committee.

The primary duties of the Remuneration Committee are to (i) develop and review the policies and the structure of the remuneration for our Directors; (ii) evaluate the performance of, and make recommendations on the remuneration packages and long-term incentive compensation or equity plans for, our Directors; and (iii) evaluate and make recommendations on employee benefit arrangements.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with paragraph A5 of the CG Code. The nomination committee consists of three members, namely Mr. Lin, Mr. Shen Haipeng, and Mr. Chan Kwok Wai, with Mr. Lin, the Chairman of our Board, being the chairman of the committee.

The primary functions of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors, and on matters of succession planning.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, educational and cultural background, technical and professional skills, industry knowledge and reputation, gender, age, ethnicity, nationality, language skills, length of service and time to be devoted as a director, and where possible, maintain balance from such perspectives.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

Since the Listing Date and up to the date of this annual report, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors.

Director Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**"), pursuant to which in evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board diversity policy of the Company that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.

- Any potential contributions the candidate can bring to the Board and/or the Company, as well as the Company's development strategies, future goals and growth, in terms of qualifications, skills, experience, independence, gender and race diversity.

- The candidate's role and position as a member of a diverse Board.

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for the nomination of the Directors and succession planning.

As regards selection and appointment of new Director:

- The Nomination Committee and/or the Board should, upon receipt of a proposal on the appointment of a new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

- If the process yields more than one desirable candidate, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and the reference check of each candidate (where applicable).

- The Nomination Committee should then recommend that the Board appoint the most appropriate candidate for directorship, as applicable.

- For any person that is nominated by a shareholder for election as a director at a general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendations to Shareholders with respect to the proposed election of Directors at a general meeting.

As regards re-election of Director at general meeting:

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of each Director and his level of participation and performance on the Board.

- The Nomination Committee and/or the Board should also review and determine whether the Director continues to meet the criteria as set out above.

- The Nomination Committee and/or the Board should then make recommendations to Shareholders in respect of the proposed re-election or replacement of the Directors at a general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at a general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or the explanatory statement that accompanies the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Board Diversity Policy

The Company believes that board diversity will have a substantial benefit in improving its performance. Therefore, the Company has adopted a board diversity policy to ensure that the diversity of Board members be considered from a number of perspectives. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. A summary of the board diversity policy is set out below:

The Board is of the view that having diversity in the Board will help the Company better understand and meet customer needs and maintain the Company's competitive advantages in the industry.

The Company is committing to achieving diversity and recognizes and embraces the benefits of having a diverse Board to bring in innovation, fresh and broad business perspectives and enhance the decision-making process of the Board.

In considering the optimal composition of the Board, the Board shall exercise its discretion to review diversity from a wide array of perspectives, including but not limited to, professional qualifications, regional and industry experience, educational and cultural background, technical and professional skills, industry knowledge and reputation, gender, age, ethnicity, nationality, language skills, length of service and time to be devoted as a director, and where possible, maintain balance from such perspectives. Appointments to the Board should be made based on merits and the contributions that the individual is expected to bring to the Board, with due regard to the benefits of diversity in the Board.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The Company had not been listed on the Stock Exchange during the year ended December 31, 2018, and was only listed on the Stock Exchange on March 27, 2019. Since the Listing Date and up to the date of this annual report, there were one Board meeting held, at which the Directors approved, among other things, the annual report of the Group for the year ended December 31, 2018.

Prior notice convening the Board meeting was dispatched to the Directors before the Board meeting setting out the matters to be discussed. At the meeting, the Directors were provided with the relevant documents to be discussed and approved to enable the Directors to make informed decisions. The company secretary of the Company had been responsible for ensuring the procedures of the Board meeting are observed and keeping minutes for the Board meeting which were sent to the Directors for records and are open for inspection at any reasonable time by any Director on reasonable notice.

No general meeting was held since the Listing Date and up to the date of this annual report. The attendance record of each Director at the Board and Board Committee meetings of the Company held since the Listing Date and up to the date of this annual report is set out in the table below:

	Attendance/Number of Meetings			
Name of Directors	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**
Executive Directors				
Mr. Lin Tzung-Liang	1/1	1/1	N/A	N/A
Mr. Michael James Sheehan	1/1	N/A	N/A	N/A
Non-executive Directors				
Mr. Lin Kuo-Chang	1/1	N/A	N/A	N/A
Mr. Sean Fang	1/1	N/A	N/A	1/1
Independent Non-executive Directors				
Mr. Chan Kwok Wai	1/1	1/1	N/A	1/1
Mr. Lo Chiang	1/1	N/A	N/A	1/1
Mr. Shen Haipeng	1/1	1/1	N/A	N/A

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2018.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 59 to 60 of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid/payable to PricewaterhouseCoopers, the external auditor of the Company in respect of the audit and non-audit services related to the initial public offering amounted to US$1,496,000.

During the year ended December 31, 2018, the total fee paid/payable in respect of services (excluding listing relating services) provided by PricewaterhouseCoopers is set out below:

Service Category	**Fees Paid/Payable** US$'000
Audit services	181

RISK MANAGEMENT AND INTERNAL CONTROLS

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continually improving these systems. We have formulated an internal audit charter and a risk management and internal control policy, pursuant to which: (i) our Board has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems; (ii) Mr. Sheehan, our Chief Executive Officer, reports functionally to the Board; and (iii) our Audit Committee assists the Board in overseeing the risk management and internal control systems on an ongoing basis.

Key business and operational risks are identified and assessed by the internal audit manager on a day-to-day basis, who had more than 16 years of experience related to internal audit. The audit manger reports functionally to the Audit Committee and administratively to the CEO. Our internal audit manager also discusses with our Chief Executive Officer and other senior management at least on a quarterly basis. The Audit Committee will review all material controls including operating, financial, and compliance. In particular, we have adopted and implemented comprehensive risk management measures in various aspects of our business operations such as operational and legal risk management. Our internal control system aims at safeguarding our assets from inappropriate use, maintaining proper accounts, ensuring compliance with laws and regulations, and enabling timely identification and management of key risks that may have impact on the Company. Our senior management is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems.

At least annually, the Board and/or the Audit Committee will assess the effectiveness of the risk management and internal control systems through the reviews performed by the internal audit manager, senior management and external auditors. Subsequent to the Company's listing on the Stock Exchange on the Listing Date, the Board has reviewed the effectiveness of the risk management and internal control systems of the Company, and the Board is not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Company and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

The risk management and internal controls systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has also adopted relevant procedures and internal controls for the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

COMPANY SECRETARY

Mr. Hung Kuo Yuan, one of our joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Shui Bing, a manager of TMF Hong Kong Limited (a global corporate service provider), as another joint company secretary to assist Mr. Hung in discharging his duties as company secretary of the Company. Ms. Leung's primary contact person at the Company is Mr. Hung.

Since the Company was listed on the Stock Exchange on the Listing Date, Rule 3.29 of the Listing Rules was not applicable to the Company for the period from January 1, 2018 to December 31, 2018.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**"). According to the Dividend Policy, in considering the declaration and payment of dividends, the Board shall take into account the following factors of the Group:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and surplus ;
- general financial condition;
- contractual restrictions;
- interests of the Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. As the Company intends to maintain adequate cash reserves for meeting working capital requirements for its fast growth in the near future, it targets to distribute dividends ranging from 3.0% to 10.0% of its annual net profits for the year ending December 31, 2019.

SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, separate resolution will be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to article 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph to consider the business specified in the requisition.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 18/F, No. 1 Song Zhi Road
Xin Yi District
Taipei City, 11047
Taiwan

Fax: (886) 287890901

Email: vito_hung@intellicentrics.tw

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through AGMs and other extraordinary general meetings. At the AGM, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

An up-to-date version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

Pursuant to Appendix 27 (Environmental, Social and Governance Reporting Guide) to the Listing Rules, the Company sets out below our Group's performance on environmental, social and governance-related issues.

Continuous dialogue is maintained with stakeholders that include customers, employees, regulators and the public. The Company seeks to balance the views and interests of these various stakeholders through constructive conversations with a view to charting a course for the long-term prosperity of the Company and the communities we touch.

ENVIRONMENTAL PROTECTION

The Group's operation and ordinary course of business did not cause any impact on the environment and natural resources. The Group makes efforts to continuously improve its environmental practice in internal operation, for instance, reducing paper consumption by printing on both sides of paper, collecting used paper for recycling, and switching off electrical appliances when they are not in use. Through these measures, the amount of paper and power consumption per capital was efficiently reduced. Greenhouse gas emissions are indirectly generated from electricity consumed at the Group's workplace in Taiwan and the U.S. with minimal emissions. In 2018, the Group produced greenhouse gas emissions in equivalent of a total of 335 tons of carbon dioxide.

(1) Energy consumption indicators

	2018
Energy consumption (kWh)	
U.S. office	**357,466**
Taipei office	**115,660**
Total	**473,126**
Energy consumption per floor area (kWh/m^2)	
U.S. office	**176.5**
Taipei office	**249.9**

(2) Water consumption indicators

	2018
Water consumption (m^3)	
U.S. office	**444**
Taipei office	**355**
Total	**799**
Water consumption per floor area (m^3/m^2)	
U.S. office	**0.2**
Taipei office	**0.8**

(3) Paper consumption indicators

	2018
Total paper consumption	**742**
Total paper consumption per employee (Reams/employee)	**0.5**

SOCIAL RESPONSIBILITY

Employment

Policies and regulations principally adopted by the Group in respect of compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other benefits and welfare are as follows:

1. Remuneration packages are competitive, and individuals are rewarded according to performance plus an annually reviewed framework of salary, working conditions, bonuses and incentive systems;

2. Regarding the aspects of the employer-employee relationship subject to applicable law, such as hours of work, minimum wages, overtime wages for exceeding a set number of hours per week, immigration, equal employment opportunity and fair employment practices, equal pay, employee benefits, mass layoffs, leave entitlements, collective bargaining, occupational safety and health, workers compensation, unemployment benefits, and affirmative action, the Group strictly comply with applicable laws and regulations in the jurisdictions it operates, including the United States, provinces of Quebec and Ontario, Canada and the United Kingdom;

3. The Group adopts equal opportunity for candidates with the same or similar education level regardless of age and gender in the process of staff recruitment whenever they fit the job objective. The policy on equal opportunities also applies to company benefit, career path promotion, training, performance appraisal and development, and operates employment policies which are for the purpose to attract, retain and motivate high quality staff, regardless of gender, age, race, religion or disability; and

4. Regarding the diversity of employees and other benefits and welfares, varieties of benefits and welfares are provided to all the staff by the Group pursuant to the requirements as stipulated by local governments of places where our enterprises are located, including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, and maternity.

Health and Safety

The Group is committed to providing a healthy and safe workplace for all its employees and complying with all applicable health and safety laws and regulations.

As employees are the most important asset and resource of the Company, it is of utmost importance to provide a healthy and safe working environment for the employees in a reasonable and practicable situation. In order to achieve this, the Group has implemented the following measures:

1. Establishing and maintaining high standard of healthy and safe working environment;

2. Providing easy and safe accesses in workplaces;

3. Maintaining high standard of hygiene condition in the workplaces;

4. Carrying out regular and good maintenance and repairing of all devices and machines used in the workplace;

5. Providing employees with regular mandatory training on health and safety related policies, standards, protocols and procedures;

6. Providing sufficient supervision when necessary to ensure the health and safety of all employees at work; and

7. Supervising the implementation of safety measures.

Development and Training

We have multiple professional development programs designed to improve professional job performance and personal growth. Examples include various training programs to our employees handling the processing and verification of the documentation for credentialing solutions and customer service representatives by internally sourced speakers, management training on governance issues, and programs to advance career opportunities for all employees.

Labor Standards

As for preventing child labor or forced labor, the Group strictly complied with laws and regulations of relevant jurisdictions where it operates. Across all companies under the Group, internal administrative institutions were set up to manage their employees in a professional manner when such employees were recruited and employed, so as to eliminate situations such as child labors and forced labors in the Group. Employees are hired in accordance with specific job requirements and talent matching process to build a sustainable workforce.

OPERATING PRACTICES

Supply Chain Management

Supply chain management has always been one of the key aspects of the Group's operation. We have formulated policies and guidelines for various aspects of our customer service, including standardized operating procedures and staff training. We also keep track of the latest industry trends and customer needs such that we are in a better position to bring the best experience to our customers.

We are committed to actively collaborating with our suppliers to reduce potential social and environmental risks and deliver the highest standard of services precisely and consistently. When we select our suppliers, we follow our established policies to make sure that the nominated suppliers can meet our various requirements in respect of capabilities of providing service, market reputation and track records in relation to compliance with legal, ethical and social aspects such as the use of child and forced labor, workplace health and safety, mitigation of environmental impacts, protocols against sexual and gender discrimination, and protocols against harassment and abuse. To maintain good corporate control and governance, inspections and assessments of suppliers may be conducted by the Group if necessary.

Product Responsibility

In order to maintain stability of our platform, we had a quality assurance team dedicated to reviewing the quality of code and its performance to the specifications as defined by product management and architects. Our quality assurance team has the ability to stop a release if they consider the quality fails to meet the specifications. We also carefully select tools and services from third parties by measuring their availability, service uptime and data retention and backups. In the meantime, we continuously monitor all systems using Amazon Web Services tools to ensure all systems are functioning.

Moreover, providing satisfactory user experience and services has been one of our top priorities. We had a team of customer service representatives dedicated to providing services to our customers. Our call center provides telephone support, and we also have a team dedicated to responding to online and email inquiries. We maintain a complaint resolution process that records and responds to our customers' complaints in a timely manner, all of which are carefully documented for future improvement.

Our success also depends in part upon our ability to protect our brand, core technology and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, copyrights and trademarks, as well as customary contractual protections. We utilize a combination of internal and external measures to protect our proprietary technology and confidential information. Such measures include contractual protections with employees, contractors, members and partners, as well as applicable copyright laws and trademark laws. We protect our intellectual property pursuant to customary contractual protections in our terms and conditions with subscribers that impose restrictions on the usage of our platform. We also seek to avoid unauthorized disclosure of our intellectual property by relying on internal policies applicable to our employees and consultants that acknowledge our ownership of all intellectual property developed by the individual during the course of his or her work with us. We also enter into agreements with our employees and consultants with provisions requiring each person to maintain the confidentiality of all proprietary information disclosed to them and to adhere to our internal policies.

With respect to data protection, we have established a set of internal policies to prevent security breaches and transmission of computer viruses, which is reviewed annually by our Quality Management Committee. We also configure our network in a manner that isolates our databases from unauthorized access and protects it against cyberattacks. Physical access to our servers is restricted to personnel with an authorized badge with remote network access only available via VPN and authenticated against our active directory service. As cyberattack prevention is a routine daily task, we have internal procedures for defenses against cyberattack and utilize leading software packages for cyberattack prevention, coupled with AWS IAAS Cybersecurity capabilities. Furthermore, we have retained an outside firm who performs regular penetration testing on our network, and reviews our procedures and policies annually. In order to comply with data privacy and protection laws, we have established and implemented internal control policies and procedures for access to and maintenance of sensitive information and data monitoring and protection and personal data privacy policies, including identification of what types of information would be subject to enhanced protection. Such sensitive information consists of personally identifiable information, such as name, identity numbers, home address, business address, job title, employer, and other such information required for us in the process of offering credentialing services and add-on services, including the verification of the individual and their employment, their background check, certain medical information such as vaccine, drug test and immunization records in order to verify the individual for satisfaction of credentialing policies of LoCs. Our enhanced protection measures include:

- All data remains in the jurisdiction of origination. We have a policy to store data in the country from which such data was originated, and in some cases where necessary, setting up operations in the locale. Our teams in each jurisdiction where we operate are responsible for monitoring developments in laws, regulations and policies regarding data privacy and protection so that we can stay current on the relevant regulations in each of these jurisdictions. Additionally, we protect our users' personal information and privacy by adhering to data privacy laws and industry standards as provided in our policies.

- Data is not shared with third parties. We do not share our user data, nor is our platform used for advertising, eliminating many of the concerns surrounding data privacy. Data access is strictly monitored within our Group. Internal access privileges to user data must be approved by a senior manager.

- All data and documents are encrypted in transit and at rest in our databases. All electronic communication between our users and our system occurs through high-grade encryption, and we employ a certified datacenter with guaranteed uptime to host our servers.

We back up all data on a regular schedule and such data is shared between onsite and offsite locations. We have installed virus scanning software, web filtering appliances and email filtering services on each of our computers. Status of network, helpdesk tickets and backups are reviewed every two weeks during onsite meetings with our IT service partner, who also monitors our Internet traffic and provides virus detection services.

Anti-Bribery Policy

The Group is committed to adhering to the highest ethical standards. The laws and regulations related to anti-bribery include the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act (UKBA), the Hong Kong Prevention of Bribery Ordinance (POBO), and other anti-bribery laws and regulations of the jurisdictions where the Group operates. The following policies and procedures are implemented by the Group to address potential corruption incidents:

1. Formulating anti-bribery policies;

2. Providing anti-bribery trainings and giving periodic updates on recent anti-bribery issues to the Group's employees;

3. Conducting periodic audits of the Company's relevant operating units to ensure the Company's continued compliance with applicable anti-bribery laws and regulations and the Company's anti-bribery policies; and

4. Establishing whistle blower policies and procedures and stringent investigation protocols to receive and investigate allegations and complaints of misconduct.

In 2018, the Company did not receive any report on crimes such as bribery, extortion, fraud and money laundering in the Group. There were no legal cases regarding corruption, job-related crimes, bribery, extortion, fraud and money laundering brought up by the Company or its employees.

Community Investment

The Company recognizes the importance of contributing within the local community and encourages employees to develop close relationship with charities and other institutions, both locally and nationally, in order to build more economically sustainable environment. Extensive efforts are exerted to ensure compliance with the laws and regulations of the jurisdictions in which the Company operates.

During the year ended December 31, 2018, the Company made US$0.15 million charitable donations. From January 1, 2019 to the date of this report, the Group made charitable donations totaling HK$1,000,000 in connection with the stock code balloting for the Listing.

pwc

羅兵咸永道

To the Shareholders of IntelliCentrics Global Holdings Ltd.
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of IntelliCentrics Global Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 61 to 116, which comprise:

- the consolidated statement of financial position as at December 31,2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit is related to capitalisation on development costs.

Key Audit Matter	How our audit addressed the Key Audit Matter
Capitalization on development costs	
Refer to notes 4(d) and 16 to the consolidated financial statements.	
As at December 31, 2018, the Group had capitalized development costs of USD2,648,000 for projects on technology platform products. Management prepared a master project plan that includes development costs, resources allocation, cashflow projections, budget timetable and project status for each technology platform products. Management reviewed the master project plans for technology platform products periodically and recognized development costs that are directly attributable to the identifiable and unique technology platform products as intangible assets if the development costs of the projects have met the criteria as set out in note 2.5(c) to the consolidated financial statements, in particular whether: • it is technically feasible to complete the technology platform products so that it will be available for use and • the Group can demonstrate how the technology platform product will generate probable future economic benefits. We focused on this area because the capitalization of development costs involved a high degree of judgement by management in determining whether the underlying development costs have met the criteria and are directly attributable to the products for capitalization.	We understood from and discussed with management the plans and status of the individual projects, including the intention and feasibility of completing the products and the timeline of completing of each of the products. We understood, evaluated and tested the key controls surrounding the capitalization of development costs for the underlying projects. We obtained the cashflow projections prepared by management for each project and assessed the reasonableness of the key assumptions used, such as the estimated number of subscribers and the forecasted costs of the projects taking into account the Group's historical data and future plan and strategy. We tested, on a sample basis, the supporting documents for the capitalized development costs of individual projects to assess whether the capitalized costs were directly attributable to the products by examining timesheet details of product development employees and invoices issued by the external consultants, etc. Based on the above procedures, we found that the judgement on the capitalization of development costs made by management was supported by the evidence obtained.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 Audit Committee 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 and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is 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. We report our opinion solely to you, as a body, 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 controls.

- Obtain an understanding of internal controls 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 controls.

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

- 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 the Audit Committee 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 the Audit Committee 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, related safeguards.

From the matters communicated with the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Chiu Kong Edmond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, April 26, 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2018 US$'000	2017 US$'000
Revenues	6	**34,037**	31,399
Cost of revenues	7	**(2,089)**	(1,606)
Gross profit		**31,948**	29,793
Selling and marketing expenses	7	**(4,331)**	(3,291)
General and administrative expenses	7	**(12,839)**	(9,864)
Research and development expenses	7	**(8,839)**	(5,877)
Other (losses)/gains, net	9	**107**	(987)
Operating profit		**6,046**	9,774
Finance costs	10	**(1,281)**	(79)
Finance income	11	**856**	813
Profit before income tax		**5,621**	10,508
Income tax expense	12	**(2,572)**	(2,696)
Profit for the year		**3,049**	7,812
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
— Currency translation differences		**(580)**	725
Profit and total comprehensive income for the year and attributable to owners of the Company		**2,469**	8,537
Earnings per share attributable to owners of the Company for the year (expressed in US$ per share)			
— Basic and diluted	13	**0.008**	0.023

The notes on pages 66 to 116 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at December, 31 2018 US$'000	2017 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**81**	55
Intangible assets	*16*	**17,156**	11,717
Deposits and prepayments	*18*	**18**	18
Restricted cash	*19*	**15,050**	23,000
		32,305	34,790
Current assets			
Deposits, prepayments and other receivables	*18*	**2,412**	2,823
Current income tax receivable		**—**	314
Amounts due from related parties	*30*	**—**	9,223
Restricted cash	*19*	**6,450**	968
Short-term bank deposits	*20*	**260**	—
Cash and cash equivalents	*20*	**26,538**	23,714
		35,660	37,042
Total assets		**67,965**	71,832
EQUITY			
Equity attributable to owners of the Company			
Share capital	*25*	**37**	35
Share premium	*25*	**20,836**	2,838
Other reserves	*26*	**(62,260)**	8,318
Retained earnings		**42,347**	39,298
		960	50,489
Non-controlling interests		**130**	—
Total equity		**1,090**	50,489

	Note	As at December, 31 2018 US$'000	 2017 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*21*	**29,690**	—
Deferred income tax liabilities	*17*	**2,110**	1,101
		31,800	1,101
Current liabilities			
Borrowings	*21*	**12,731**	500
Trade payables	*22*	**56**	54
Other payables and accruals	*23*	**3,762**	3,054
Amounts due to related parties	*30*	**24**	646
Contract liabilities	*24*	**17,258**	15,807
Current income tax liabilities		**1,244**	181
		35,075	20,242
Total liabilities		**66,875**	21,343
Total equity and liabilities		**67,965**	71,832

The notes on pages 66 to 116 are integral part of these consolidated financial statements.

The consolidated financial statements on pages 61 to 116 was approved by the Board of Directors on April 26, 2019 and were signed on its behalf.

Lin Tzung-Liang
Director

Michael James Sheehan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
As at January 1, 2017		6	34	1,017	31,486	32,543	—	32,543
Profit for the year		—	—	—	7,812	7,812	—	7,812
Other comprehensive income								
— Currency translation differences		—	—	725	—	725	—	725
Total comprehensive income for the year		—	—	725	7,812	8,537	—	8,537
Transactions with owners:								
Deemed contribution	*26*	—	—	6,824	—	6,824	—	6,824
Deemed distribution	*26*	—	—	(248)	—	(248)	—	(248)
Repurchase and cancellation of ordinary shares	*25*	(6)	(34)	—	—	(40)	—	(40)
Re-allotment of ordinary shares	*25*	—	40	—	—	40	—	40
Proceeds from issuance of stock	*25*	35	2,798	—	—	2,833	—	2,833
Total transactions with owners		29	2,804	6,576	—	9,409	—	9,409
As at December 31, 2017		35	2,838	8,318	39,298	50,489	—	50,489
As at January 1, 2018		**35**	**2,838**	**8,318**	**39,298**	**50,489**	**—**	**50,489**
Profit for the year		**—**	**—**	**—**	**3,049**	**3,049**	**—**	**3,049**
Other comprehensive income								
— Currency translation differences		**—**	**—**	**(580)**	**—**	**(580)**	**—**	**(580)**
Total comprehensive income for the year		**—**	**—**	**(580)**	**3,049**	**2,469**	**—**	**2,469**
Transactions with owners:								
Deemed distribution	*26*	**—**	**—**	**(70,000)**	**—**	**(70,000)**	**—**	**(70,000)**
Proceeds from issuance of stock	*25*	**2**	**17,998**	**—**	**—**	**18,000**	**—**	**18,000**
Transaction with non-controlling interest	*32*	**—**	**—**	**2**	**—**	**2**	**130**	**132**
Total transactions with owners		**2**	**17,998**	**(69,998)**	**—**	**(51,998)**	**130**	**(51,868)**
As at December 31, 2018		**37**	**20,836**	**(62,260)**	**42,347**	**960**	**130**	**1,090**

The notes on pages 66 to 116 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2018 US$'000	2017 US$'000
Cash flows from operating activities			
Cash generated from operations	*28*	**8,599**	13,147
Income tax (paid)/refund		**(184)**	(3,221)
Net cash flows generated from operating activities		**8,415**	9,926
Cash flows from investing activities			
Decrease/(increase) in restricted cash		**2,468**	(20,760)
Increase in short-term bank deposits		**(260)**	—
Net payment for acquisition of a subsidiary	*29*	**(2,949)**	—
Purchase of property, plant and equipment		**(68)**	(8)
Purchase of intangible assets		**(2,712)**	—
Advanced of loans to related parties		**—**	(2,600)
Repayment of loans to related parties		**9,100**	6,000
Net cash flows (used in)/generated from investing activities		**5,579**	(17,368)
Cash flows from financing activities			
Repayments of borrowings		**(500)**	(8,600)
Proceeds of borrowings		**42,421**	—
Repayments of loans from related parties		**—**	(100)
Cash dividend paid		**—**	(5,000)
Payment for listing expenses in connection with IPO		**(875)**	(365)
Proceeds from issuance of shares	*25*	**18,000**	2,833
Deemed contribution	*26*	**—**	2,482
Deemed distribution	*26*	**(70,000)**	(248)
Transaction with non-controlling interest	*32*	**132**	—
Net cash flows used in financing activities		**(10,822)**	(8,998)
Net (decrease)/increase in cash and cash equivalents		**3,172**	(16,440)
Cash and cash equivalents at the beginning of the year		**23,714**	39,440
Effects on exchange rate changes on cash and cash equivalents		**(348)**	714
Cash and cash equivalents at the end of the year	*20*	**26,538**	23,714

The notes on pages 66 to 116 are integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General Information, Reorganization and Basis of Presentation

1.1 General information

IntelliCentrics Global Holdings Ltd. (the "Company") was established in the Cayman Islands on June 3, 2016 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group"), are principally engaged in the provision of credentialing services in the United States of America (the "USA"), Canada and the United Kingdom (the "UK") (collectively, the "Listing Business").

The ultimate holding company of the Company is Ocin Corp. ("Ocin"), a company incorporated in the Cayman Islands. Mr. Tzung Liang Lin and his family including his spouse and parents (together as "Controlling Shareholder") are the ultimate Controlling Shareholder of the Company.

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on March 27, 2019.

These consolidated financial statements are presented in United States dollars ("US$"), unless otherwise stated.

1.2 Reorganization

In preparation for the Listing, the Company underwent a group reorganization (the "Reorganization"), pursuant to which the group companies engaged in the Listing Business were transferred to the Company. Prior to the incorporation of the Company and the Reorganization, as explained below, Victos Holding Corp. ("Victos"), a company wholly owned by VTC Electronics Corp. ("VTC") and ultimately owned by the Controlling Shareholder, and its subsidiaries were engaged in the Listing Business, as well as the manufacture, sale and distribution of security solutions such as CCTV displays, surveillance cameras, etc. ("Other Businesses").

The Reorganization involved the following:

(1) On June 3, 2016, the Company was established as a wholly owned subsidiary of Ocin, which was wholly owned by the Controlling Shareholder.

(2) On July 11, 2017, deView International Corp., deView China and Security Manufacturing Ltd. which were engaged in the Other Businesses were transferred by Victos to a wholly-owned subsidiary of VTC for a cash consideration approximate to their then net asset value.

(3) On October 11, 2017, ICTW Corp. ("ICTW"), a company ultimately controlled by the Controlling Shareholder, was established in Taiwan. VTC transferred its investment in Victos to ICTW.

1 General Information, Reorganization and Basis of Presentation (Continued)

1.2 Reorganization (Continued)

(4) On December 16, 2017, pursuant to the Assignment Agreement entered into among VTC, deView Electronics ("deView Electronics"), a wholly-owned subsidiary of Victos, and its holding company, USA deView, Inc. ("USA deView"), also a wholly-owned subsidiary of Victos, the titles to all the inventory and the warranty claims of deView Electronics were transferred to VTC. The remaining net assets and liabilities of deView Electronics amounting to US$6,531,000 net were transferred to USA deView and this transaction was treated as a deemed contribution. The Other Businesses previously operated by deView Electronics were transferred to VTC. On December 22, 2017, deView Electronics was dissolved.

(5) On April 16, 2018, the Company acquired the entire equity interest in Victos from ICTW, a company ultimately controlled by Controlling Shareholder for a cash consideration of US$70,000,000 and this transaction was treated as a deemed distribution.

Upon completion of the Reorganization, the Company became the holding company of the subsidiaries carrying out the Listing Business which were originally controlled by Controlling Shareholder. The results of the Other Businesses were excluded since the Other Businesses are not related to and are managed separately from the Listing Business.

1.3 Basis of presentation

The Controlling Shareholder owned and controlled the companies now comprising the Group operating the Listing Business immediately before the Reorganization and continue to own and control these companies after the Reorganization. The Company has not been involved in any other business prior to the Reorganization and its operation does not meet the definition of a business. The Reorganization is merely a reorganization of the Listing Business and does not result in any changes in business substance, management nor Controlling Shareholder of the Listing Business, before and after the Reorganization.

Accordingly, the Group is presented using the carrying values of the Listing Business for all periods presented as if the current group structure has been in existence.

All intra-group transactions and balances within the Group are eliminated on consolidation.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies, including International Financial Reporting Standards ("IFRSs") 9 and 15, have been consistently applied throughout all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements has been prepared in accordance with the IFRSs issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements has been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

(a) New standards, amendments and interpretations not yet adopted by the Group

The following new standards and amendments to existing standards have been issued but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after	**Note**
IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined	
Amendment to IFRSs	Annual improvements to IFRSs 2015–2017 Cycle	January 1, 2019	
IAS 19	Plan amendment, curtailment or settlement	January 1, 2019	
IAS 28 (Amendment)	Long-term interests in associates and joint ventures	January 1, 2019	
IFRS 9 (Amendment)	Prepayment features with negative compensation	January 1, 2019	
IFRS 16	Leases	January 1, 2019	(i)
IFRIC 23	Uncertainty over income tax treatments	January 1, 2019	
IAS 1 and IAS 8	Disclosure initiative — definition of material	January 1, 2020	
IFRS 3	Definition of a business	January 1, 2020	
IFRS 17	Insurance contracts	January 1, 2021	

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(a) *New standards, amendments and interpretations not yet adopted by the Group (Continued)*

Management is in the process of assessing the impact of these standards, amendments and interpretations to existing IFRS and set out below are those which may impact on the Group's financial performance and position:

(i) IFRS 16 "Leases"

IFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for in the statement of financial position for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.20 with the Group's future operating lease commitments, which are not reflected in the consolidated statements of financial position, set out in Note 27. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognize certain leases outside of the statement of financial position. Instead, almost all leases must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statements of financial position. Short- term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, the operating lease expenses will decrease, while depreciation and amortization and the interest expense will increase. The new standard is not expected to apply until the financial year beginning January 1, 2019. The Group's future aggregate minimum lease payments under operating leases are US$339,000 as at December 31, 2018 as disclosed in Note 27.

The Group will adopt IFRS 16 with effect from January 1, 2019 using the simplified transition approach as prescribed by IFRS 16 and will recognized the cumulative effect of initial application to opening retained profits as of January 1, 2019 and the comparatives will not be restated. The Group considers that the adoption of the new standard will have some impact on the financial position of the Group as the related right-of-use assets and lease liabilities will be recognised upon adoption of the new standard on January 1, 2019, except for the short-term leases of less than twelve months and lease of low-value assets that are exempted from applying this accounting model as a practical expedient. However, the impact to the financial performance of the Group will be minimal as the impact of amortisation of the right-of-use assets and unwinding the discount of the related payable will not be materially different from the operating lease charges that would have been recognised under the current standard.

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.2.2 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividends from these investments if the dividends exceeds the total comprehensive income of the subsidiary in the period the dividends declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of Significant Accounting Policies (Continued)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated 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 consolidated financial statements is presented in United States Dollars ("US$"), which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

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 recognized in the consolidated statement of comprehensive income or loss.

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of US$ are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each consolidated statement of comprehensive income or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting currency translation differences are recognized in other comprehensive income or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to other comprehensive income or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income or loss.

2 Summary of Significant Accounting Policies (Continued)

2.4 Property, plant and equipment

All property, plant and equipment is stated at historical costs less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Computer equipment	3 years
Leasehold improvements	5 years or shorter of lease period
Furniture and fixtures	2 to 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in "Other (losses)/gains, net" in the consolidated statement of comprehensive income.

2.5 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment (as described in Note 2.6) annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the individual cash-generating units.

2 Summary of Significant Accounting Policies (Continued)

2.5 Intangible assets (Continued)

(b) Customer relationships acquired in a business combination

Customer relationships acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method to allocate the costs of acquired intangible assets over the estimated useful lives, generally 6 to 20 years.

The management of the Group expects that the customer relationships are estimated to be used by the Group in respect of USA market for a period of 20 years. Given the business model, the Group leverages the long- term relationship with the registered LoCs to drive growth in the paying subscriber base and in turn revenue. The management of the Group has over 12 years' experience in operating a healthcare technology platform in the vendor credentialing market in the United States and the Group's customer relationships have already been used for a period of about 10 years since the acquisition of VendorClear.com, LLC. and Status Blue LLC. in 2010 and 2011. Accordingly, taking into account of all relevant and available external and internal information including but not limited to (i) the past experience of the retention of registered LoCs and churn rate of paying subscribers; (ii) no significant adverse changes in the technological, market, economic or legal environments; and (iii) no significant changes in our competitive landscape and the dynamics between LoCs, vendor representatives and vendor companies; the management has assessed and considered that the useful lives of 20 years for the Group's customer relationships are reasonable.

(c) Technology platform

Costs associated with maintaining or upgrading technology platform are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique technology platform products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the technology platform product so that it will be available for use;
- Management intends to complete the technology platform product and use or sell it;
- There is an ability to use or sell the technology platform product;
- It can be demonstrated how the technology platform product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the technology platform product are available; and
- The expenditure attributable to the technology platform product during its development can be reliably measured.

2 Summary of Significant Accounting Policies (Continued)

2.5 Intangible assets (Continued)

(c) Technology platform (Continued)

Directly attributable costs that are capitalised as part of the technology platform product include third party's services costs and product development employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use using the straight-line method over 3 years.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(d) Other intangible assets

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Softwares	2 to 5 years
Others	2 to 5 years

2.6 Impairment of non-financial assets

Goodwill is not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Financial assets

Classification

The Group classifies its financial assets as measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparties.

2.9 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk, note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e the present value of all cash shortfalls) over the expected life of the financial assets.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expect credit losses.

2.10 Other receivables

If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and time deposits held at banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

2.13 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2 Summary of Significant Accounting Policies (Continued)

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income or loss, except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity. In this case, the tax is also recognized in other comprehensive income or loss or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2 Summary of Significant Accounting Policies (Continued)

2.15 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

(b) Pension obligations

The Group operates post-employment schemes under defined contribution plans. The Group contributes to various publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

2.17 Provision

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2 Summary of Significant Accounting Policies (Continued)

2.18 Revenue recognition

Revenue is recognized to depict the transfer of a service to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customers.

Control of the services may be transferred over time or a point in time. If control of the service transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the service.

Control of the services is transferred over time if (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs; (ii) The Group's performance creates and enhances an asset that the customer controls as the Group performs; or (iii) 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.

Revenues from credentialing and add-on services such as online training and radiation exposure monitoring is recognized over time during the paid subscription period. This revenue is recognized over time as control of the services is transferred over time when the customers simultaneously receive and consume the benefits provided by the Group's performance. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual days passed relative to the total contract period, as the Group's efforts or inputs are expended evenly throughout the performance period.

Revenue from other add-on services such as criminal background check, immunization and vaccinations (including drug and antibody testing), general and professional liability insurance referral and certain pilot programs is recognized at a point in time when the services were rendered and our liabilities were discharged. This revenue is recognized at a point in time when control of the services are transferred, i.e. being when the Group has a present right to payment for the services; the customers have accepted the services; the customers have full discretion over the services, and there is no unfulfilled obligation that could affect the customers' acceptance of the services.

Certain membership packages included both credentialing expedited processing and/or online training services. Management determines the relevant stand-alone selling price on the basis of individually observable selling price. The transaction price is allocated to each service on the relative stand-alone selling price determined.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or contract liability, depending on the relationship between the Group's performance and the customer's payment.

2 Summary of Significant Accounting Policies (Continued)

2.18 Revenue recognition (Continued)

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to render services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities of the Group mainly represents the membership fees prepaid by subscribers for which services had not been rendered.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the significant financing component.

2.19 Interest income

Interest income is recognized on a time proportion basis, taking into account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income or loss on a straight-line basis over the period of the lease.

2.21 Research and development expenses

Research and development expenses are expensed as incurred unless the development expenses incurred has satisfied the recognition of criteria for capitalization as disclosed in note 2.5(c).

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company and subsidiaries operating in the USA is US$ whereas functional currency of the subsidiaries operating in the United Kingdom and Canada are British Pound ("GBP") and Canadian Dollar ("CAD"), respectively.

The Group operates mainly in the USA with most of the transactions settled in US$, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than US$.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for bank balance and restricted cash, details of which have been disclosed in Notes 20 and 19, respectively.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 21. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

As at December 31, 2017 and 2018, if the interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit would have been approximately US$472,000 and US$58,770 higher/lower, mainly attributable to the Group's exposure to interest rates on its variable rate bank balance, restricted cash, short-term bank deposits and bank borrowings.

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group is exposed to credit risk primarily in relation to its cash and deposits (including term deposits) placed with banks and financial institutions, as well as other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

Other receivables mainly comprise amounts due from related parties, deposits and other receivables. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any increase in risk of default. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

- significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Expected loss rate
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	0.03%
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk presumed if interest and/or principal repayments are more than 30 days past due	Lifetime expected losses	4.00%
Non-performing	Interest and/or principal repayments are more than 365 days past due	Lifetime expected losses	7.00%
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written-off	100.00%

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivable and adjusts for forward looking macroeconomic data.

For amounts due from related parties, deposits and other receivables, the historical loss rate for those receivables is low. Thus, no impairment provision recognized for those receivables as the expected credit loss was not material during the year.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents and banking facilities.

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or less than 1 year US$'000	**Over 1 year** US$'000	**Total** US$'000
As at December 31, 2018			
Trade payables	56	—	56
Other payables and accruals	2,615	—	2,615
Amounts due to related parties	24	—	24
Borrowings (including accrued interests)	14,717	30,847	45,564
Total	17,412	30,847	48,259
As at December 31, 2017			
Trade payables	54	—	54
Other payables and accruals	1,746	—	1,746
Amounts due to related parties	646	—	646
Borrowings (including accrued interests)	505	—	505
Total	2,951	—	2,951

The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

3 Financial Risk Management (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings. Total equity is total equity of the Group as shown in the consolidated statements of financial position.

	As at December 31,	
	2018	2017
	US$'000	US$'000
Borrowings (Note 21)	**42,421**	500
Total debt	**42,421**	500
Total equity	**1,090**	50,489
Gearing ratio	**3,891.8%**	1.0%

The increase in gearing ratio as of December 31, 2018 as compared to December 31, 2017 is attributable to additional borrowings granted and deemed distribution to the Controlling Shareholder for the Reorganization.

3.3 Fair value estimation

The carrying values of the Group's current financial assets, including current deposits and other receivables, amounts due from related parties, restricted cash, short-term bank deposits and cash and cash equivalents, and the Group's current financial liabilities, including trade and other payables, amounts due to related parties and current bank borrowings approximate their fair values due to their short maturities.

4 Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management of the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Impairment of goodwill and intangible assets

The Group tests annually whether goodwill has suffered any impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgements are required to determine key assumptions adopted in the value-in-use calculation for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and financial performances. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income or loss.

(b) Useful lives and amortization charges of intangible assets

The Group's management determines the estimated useful lives and related amortization charges for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortization charges where useful lives are different to that of previously estimated, or it will write-off or write- down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in amortizable lives and therefore amortization expense in future periods.

(c) Current and deferred income taxes

The Group is subject to income taxes in the USA and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

4 Critical Accounting Estimates and Judgements (Continued)

(d) Capitalisation of development expenditures

Development expenditures incurred on specific developing projects are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, the Group's intention to complete and the Group's ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the projects and the ability to measure reliably the expenditure during the development. Development expenditures which do not meet these criteria are expensed off when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation.

5 Segment Information

The CODM reviews the internal reporting of the Group in order to allocate resources and assess performance.

As a result of this evaluation, the Chief Executive Officer of the Group consider that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the USA and earns substantially majority of the revenues from external customers attributed to the USA.

As at December 31, 2017 and 2018, substantially majority of the non-current assets excluding restricted cash of the Group were located in the USA.

There was no revenue from any individual subscribers contributing over 10% of the total revenue of the Group for the years ended December 31, 2017 and 2018.

6 Revenues

	Year ended December 31,	
	2018	2017
	US$'000	US$'000
Credentialing service	**32,265**	29,558
Add-on services	**1,772**	1,841
	34,037	31,399

6 Revenues (Continued)

Disaggregation of revenue from contracts with customers

	Year ended December 31, 2018 US$'000	2017 US$'000
Timing of revenue recognition		
— Over time	**33,562**	31,080
— At a point in time	**475**	319
	34,037	31,399

7 Expenses By Nature

	Year ended December 31, 2018 US$'000	2017 US$'000
Employee benefits expenses (including director's emoluments) (Note 8)	**11,101**	8,984
Payment process fees	**976**	911
Research and development professional service fees	**3,304**	1,407
Other professional service fees	**1,303**	609
Listing expenses	**3,923**	1,112
Promotion and advertisement expenses	**1,178**	1,149
Maintenance	**1,310**	1,154
Operating lease charges in respect of office premises	**518**	259
Management service fee (Note 30)	**939**	2,546
Amortization of intangible assets	**256**	279
Depreciation of property, plant and equipment	**63**	64
Cost of service (excluding employee benefits expenses and payment process fee)	**688**	364
Travelling expenses	**710**	150
Office Supplies	**413**	291
Telephone	**294**	122
Utilities	**56**	50
Meeting expenses	**312**	76
Donation	**152**	215
Auditor's remuneration	**181**	—
Others	**421**	896
Total cost of revenues, selling and marketing expenses, general and administrative expenses and research and development expenses	**28,098**	20,638

8 Employee Benefits Expenses (Including Director's Emoluments)

	Year ended December 31, 2018 US$'000	2017 US$'000
Wages, salaries and bonuses	**10,207**	8,373
Pension costs — defined contribution plans	**139**	121
Other benefits	**755**	490
	11,101	8,984

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors for the years ended December 31, 2017 and 2018 respectively, and their emoluments are reflected in the analysis shown in Note 36. The emoluments payable to the remaining three individuals for the years ended December 31, 2017 and 2018 are as follows:

	Year ended December 31, 2018 US$'000	2017 US$'000
Wages, salaries and bonuses	**838**	708
Pension costs — defined contribution plans	**15**	19
Other benefits	**—**	—
	853	727

The emoluments fell within the following bands:

	Number of individuals Year ended December 31, 2018	2017
Emoluments bands:		
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**—**	—
HK$2,500,001 to HK$3,000,000	**1**	1
	3	3

For the year ended December 31, 2017 and 2018, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

9 Other (Losses)/Gains, Net

	Year ended December 31, 2018 US$'000	2017 US$'000
Foreign exchange (loss)/gain	**397**	(887)
Others	**(290)**	(100)
	107	(987)

10 Finance Costs

	Year ended December 31, 2018 US$'000	2017 US$'000
Interest expense on bank borrowings	**1,281**	77
Interest expense to related parties	**—**	2
	1,281	79

11 Finance Income

	Year ended December 31, 2018 US$'000	2017 US$'000
Interest income from bank deposits	**770**	487
Interest income from amounts due from related parties	**86**	326
	856	813

12 Income Tax Expense

(i) Cayman Islands corporate income tax ("CIT")

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) United Kingdom CIT

Entities incorporated in United Kingdom are subject to United Kingdom corporate income tax at a rate of 19% and 19% for the years ended December 31, 2017 and 2018 respectively.

(iii) USA CIT

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the USA and was calculated in accordance with the relevant regulations of the USA after considering the available tax benefits from refunds and allowances. CIT provision composed of federal tax and states tax. The general USA CIT rate is 39% and 26% for the years ended December 31, 2017 and 2018 respectively. In addition, upon payment of dividends by these companies to their shareholders, withholding tax of 5% will be imposed.

The reduction of the USA federal tax rate from 34% to 21% was substantively enacted in December 2017 and was effective from January 2018. As a result, relevant deferred tax balances as at December 31, 2017 have been remeasured using the tax rate of 21%.

The amount of income tax expense charged to the consolidated statements of comprehensive income represents:

	Year ended December 31,	
	2018	2017
	US$'000	US$'000
Current income tax	**1,655**	2,554
(Over-provision)/under-provision	**(157)**	105
Deferred income tax (Note 17)	**1,074**	37
Income tax expense	**2,572**	2,696

12 Income Tax Expense (Continued)

(iii) USA CIT (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the group entities as follows:

	Year ended December 31, 2018 US$'000	2017 US$'000
Profit before income tax	**5,621**	10,508
Tax calculated based on the rate applicable to the Group's principal place of operation	**1,181**	3,513
Effect on differences in applicable tax rate	**77**	—
Tax effect of amounts which are not deductible for tax purpose	**1,247**	3
Research and development tax credit	**(61)**	(594)
Tax loss not recognised as deferred tax assets	**108**	30
Impact of change in the tax rate on deferred tax recognized	**—**	(318)
(Over-provision)/under-provision	**(157)**	105
Withholding tax relating to certain subsidiaries' income	**224**	212
Other	**(47)**	(255)
Income tax expense	**2,572**	2,696

13 Earnings Per Share

	Year ended December 31, 2018	2017
The Group's profit attributable to owners of the Company (US$'000)	**3,049**	7,812
Weighted average number of shares in issue ('000)	**358,896**	337,402
Basic earnings per share (US$ per share)	**0.008**	0.023

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the year ended December 31, 2017 and 2018.

14 Dividends

No dividend has been paid or declared by the Company for the year ended December 31, 2017 and 2018.

15 Property, Plant and Equipment

	Computer equipment US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Total US$'000
At January 1, 2017				
Cost	356	543	179	1,078
Accumulated depreciation	(339)	(452)	(176)	(967)
Net book amount	17	91	3	111
Year ended December 31, 2017				
Opening net book amount	17	91	3	111
Additions	6	2	—	8
Depreciation expense	(15)	(48)	(1)	(64)
Closing net book amount	8	45	2	55
At December 31, 2017				
Cost	373	548	181	1,102
Accumulated depreciation	(365)	(503)	(179)	(1,047)
Net book amount	8	45	2	55
Year ended December 31, 2018				
Opening net book amount	**8**	**45**	**2**	**55**
Additions	**41**	**51**	**—**	**92**
Depreciation expense	**(19)**	**(43)**	**(1)**	**(63)**
Exchange translation difference	**(1)**	**(2)**	**—**	**(3)**
Closing net book amount	**29**	**51**	**1**	**81**
At December 31, 2018				
Cost	**330**	**595**	**179**	**1,104**
Accumulated depreciation	**(301)**	**(544)**	**(178)**	**(1,023)**
Net book amount	**29**	**51**	**1**	**81**

Depreciation expense of approximately US$2,000 and US$4,000 has been charged in "selling and marketing expenses" and approximately US$60,000, and US$47,000 has been charged in "general and administrative expenses" and approximately US$2,000, and US$12,000 has been charged in "research and development expenses" for the years ended December 31, 2017 and 2018 respectively.

16 Intangible Assets

	Goodwill US$'000	Software US$'000	Customer relationship US$'000	Technology platform US$'000	Others US$'000	Total US$'000
At January 1, 2017						
Cost	9,524	2,618	5,402	—	1,241	18,785
Accumulated amortization and impairment	(1,064)	(2,585)	(1,901)	—	(1,241)	(6,791)
Net book amount	8,460	33	3,501	—	—	11,994
Year ended December 31, 2017						
Opening net book amount	8,460	33	3,501	—	—	11,994
Amortization charge	—	(29)	(250)	—	—	(279)
Exchange translation difference	—	2	—	—	—	2
Closing net book amount	8,460	6	3,251	—	—	11,717
At December 31, 2017						
Cost	9,575	2,637	5,464	—	1,272	18,948
Accumulated amortization and impairment	(1,115)	(2,631)	(2,213)	—	(1,272)	(7,231)
Net book amount	8,460	6	3,251	—	—	11,717
Year ended December 31, 2018						
Opening net book amount	**8,460**	**6**	**3,251**	**—**	**—**	**11,717**
Additions	**2,871**	**—**	**343**	**2,712**	**—**	**5,926**
Amortization charge	**—**	**(5)**	**(251)**	**—**	**—**	**(256)**
Exchange translation difference	**(149)**	**—**	**(18)**	**(64)**	**—**	**(231)**
Closing net book amount	**11,182**	**1**	**3,325**	**2,648**	**—**	**17,156**
At December 31, 2018						
Cost	**12,217**	**2,625**	**5,747**	**2,648**	**1,234**	**24,471**
Accumulated amortization and impairment	**(1,035)**	**(2,624)**	**(2,422)**	**—**	**(1,234)**	**(7,315)**
Net book amount	**11,182**	**1**	**3,325**	**2,648**	**—**	**17,156**

16 Intangible Assets (Continued)

The carrying amount of goodwill, net of impairment loss, is allocated to the following cash generating units ("CGU"):

	As at December 31, 2018 US$'000	2017 US$'000
USA operation	**8,460**	8,460
UK operation	**2,722**	—
	11,182	8,460

Amortization expense of approximately US$250,000, and US$251,000 has been charged in "general and administrative expenses" and approximately US$29,000, and US$5,000 has been charged in "research and development expenses" for the years ended December 31, 2017 and 2018 respectively.

In December 2018, the Group acquired 100% of the equity interests in Who Are You Limited ("WAY"), a wholly owned private company based in the UK which is principally engaged in providing credentialing services, from independent third parties, for a total cash consideration of GBP2,545,000 (approximately US$3,232,000) according to the share purchase agreement. As a result, the Group recognized goodwill of US$2,871,000 and customer relationships of US$343,000 for the year ended December 31, 2018, respectively.

Impairment review on the goodwill of the Group has been conducted by the management as at December 31, 2018 according to IAS 36 "Impairment of assets".

As of December 31, 2018, goodwill of US$2,722,000 arising from the acquisition of WAY was determined with reference to valuation report prepared by an independent valuer. For details of the acquisition, please refer to Note 29. The Directors conclude that there is no impairment on the goodwill arising from the acquisition of WAY after the completion of the acquisition on December 27, 2018 and up to December 31, 2018.

For the purposes of impairment review of USA operation, the recoverable amount of CGU is determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on approved business plan for the purposes of impairment reviews covering a five-year period. The cash flow projection is determined based on the future annual revenue, profit margin and operating costs of the subsidiary to which goodwill belongs. As at December 31, 2018, key assumptions for goodwill impairment assessment used for value-in-use calculations include operating profit margin, terminal sales growth rate and pre-tax discount rate.

	As at December 31, 2018	2017
USA operation		
Terminal sales growth rate	**2.7%**	0.5%
Operating profit margin	**14.21%**	17.2%
Pre-tax discount rate	**15.4%**	14.8%

16 Intangible Assets (Continued)

Terminal sales growth rate — The terminal sales growth rate is based on the historical data and management's expectation on the future market.

Operating profit margin — The operating profit margin is based on the operating profit margin achieved in the year immediately before the budget year, adjusted for management's expectation on the future efficiency improvements and market development.

Pre-tax discount rate — The pre-tax discount rate reflects specific risks relating to the relevant unit, which is determined using the capital asset pricing model with reference to the market information.

As of December 31, 2017 and 2018, for USA operation, when each of the key assumptions described above remained unchanged, the recoverable amount exceeded the carrying amount by US$27.6 million and US$48.5 million respectively.

Sensitivity Analysis

The following table sets forth the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of the USA operation, each of cash-generating unit as of the dates indicated. The potential impact was shown below on the recoverable amount as of the end of each year by applying a decrease of 10% in operating profit margin, a decrease of 300 basis points in terminal growth rate and an increase of 300 basis points in pre-tax discount rate, respectively. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, the Group believes that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysist of the potential impact of the changes in such assumptions on the recoverable amount of each cash-generating unit.

Operating profit margin decrease by 10%	**As at December 31,**	
	2018	2017
	US$'000	US$'000
USA operation	**(14,946)**	(11,668)

Terminal sales growth rate decrease 300 basis points	**As at December 31,**	
	2018	2017
	US$'000	US$'000
USA operation	**(10,737)**	(3,562)

16 Intangible Assets (Continued)

Sensitivity Analysis (Continued)

Pre-tax discount rate increase 300 basis points	As at December 31, 2018 US$'000	2017 US$'000
USA operation	**(12,526)**	(7,778)

The Group has estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavorable possible values were assigned to those factors, the recoverable amount then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure goodwill's recoverable amount, would still exceed the carrying amount of goodwill, for both USA and UK operation.

17 Deferred Income Taxes

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(i) Deferred tax assets

	Depreciation US$'000	Gain/ loss on fixed assets US$'000	Accrued bonus US$'000	Related parties' loss US$'000	Bad debt US$'000	Total US$'000
At January 1, 2017	—	9	115	—	—	124
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	17	(4)	104	157	3	277
At December 31, 2017	17	5	219	157	3	401
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	9	(5)	(100)	(81)	(3)	(180)
At December 31, 2018	26	—	119	76	—	221

17 Deferred Income Taxes (Continued)

(ii) Deferred tax liabilities

	R&D Capitalization US$'000	Depreciation US$'000	Amortization US$'000	Withholding tax US$'000	Total US$'000
At January 1, 2017	—	(14)	(876)	(262)	(1,152)
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	—	14	(116)	(212)	(314)
Exchange translation differences	—	—	—	(36)	(36)
At December 31, 2017	—	—	(992)	(510)	(1,502)
Charged to consolidated statement of comprehensive income (Note 12)	(495)	—	(175)	(224)	(894)
Exchange translation differences	27	—	—	38	65
At December 31, 2018	(468)	—	(1,167)	(696)	(2,331)

Deferred income tax assets are recognised for tax loss carry-forwards to extent that the realization of the related tax benefit through future taxable profits is probable. As at each of December 31, 2017 and 2018, the Group did not recognize deferred income tax assets of US$1,239,000 and US$1,445,000 respectively in relation to the tax jurisdiction in UK and Canada, in respect of tax losses amounting to US$7,343,000 and US$8,687,000 respectively. These tax losses have no expiry dates except for US$4,595,000 and US$5,840,000, which would expire in 20 years since the respective year of generating tax loss as at December 31, 2017 and 2018 respectively.

18 Deposits, Prepayments and Other Receivables

	As at December 31, 2018 US$'000	2017 US$'000
Non-current:		
Deposits and prepayments	**18**	18
	18	18
Current:		
Other receivables	**147**	2,110
Prepaid expenses	**1,025**	348
Deferred listing expenses	**1,240**	365
	2,412	2,823

The directors of the Company considered that the carrying amounts of deposits and other receivables approximated to their respective fair values as at December 31, 2017 and 2018. Their recoverability was assessed with reference to the credit risk management disclosed in Note 3.1(b).

The carrying amounts of deposits, prepayments and other receivables are mainly denominated in US$.

19 Restricted Cash

	As at December 31, 2018 US$'000	2017 US$'000
Restricted cash — Current	**6,450**	968
Restricted cash — Non-current	**15,050**	23,000
	21,500	23,968

As at December 31, 2017 and 2018, the bank deposits of US$968,000 and US$21,500,000 respectively were restricted deposits held as security for certain banking borrowings of the Group as disclosed in Note 21.

As at December 31, 2017, the bank deposits of US$23,000,000 were restricted deposits held at banks as security for a bank facility of a related party expected to be expired in 2019 as disclosed in Note 30. The restricted cash of US$23,000,000 was early released during the year ended December 31, 2018.

The carrying amounts of restricted cash are denominated in US$.

20 Cash and Cash Equivalents and Short-Term Bank Deposits

	As at December 31, 2018 US$'000	2017 US$'000
Cash on hand	**12**	—
Bank balances	**17,526**	23,714
Time Deposits	**9,000**	—
Cash and cash equivalents	**26,538**	23,714
Short-term bank deposits	**260**	—
Maximum exposure to credit risk	**26,786**	23,714

The effective annual interest rate and original maturities of the time deposits and short-term bank deposits of the Group as at December 31, 2018 are as follows:

Type of time deposit	Terms	Interest rate
Time deposits	1 month	2%
Short-term bank deposits	12 months	1.5%

Cash and cash equivalents and short-term bank deposits are denominated in the following currencies:

	As at December 31, 2018 US$'000	2017 US$'000
US$	**25,567**	23,530
GBP	**1,053**	176
CAD	**80**	8
New Taiwan Dollar ("NTD")	**75**	—
Others	**23**	—
	26,798	23,714

21 Borrowings

	As at December 31, 2018 US$'000	2017 US$'000
Long-term bank borrowings		
— secured	**42,421**	—
Less: Current portion of long-term bank borrowings	**(12,731)**	—
Non-current bank borrowings	**29,690**	—
Short-term bank borrowings		
— secured	—	—
— unsecured	—	500
	—	500
Add: Current portion of long-term bank borrowings		
— secured	**12,731**	—
	12,731	500
	42,421	500

The Group's borrowings repayable based on the scheduled repayment dates are as follows:

	As at December 31, 2018 US$'000	2017 US$'000
Within 1 year	**12,731**	500
Between 1 and 5 years	**29,690**	—
	42,421	500

21 Borrowings (Continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates were as follows:

	As at December 31, 2018 US$'000	2017 US$'000
6 months or less	**42,421**	500

The effective interest rates per annum of the bank borrowings are ranged as follows:

	As at December 31, 2018	2017
Interest rates	**3.30%–4.45%**	1.50%–3.07%

Secured bank borrowings are secured by certain bank deposits of the Group and the Company as disclosed in Note 19.

The carrying amounts of borrowings of the Group and the Company are denominated in US$.

All outstanding balance has became repayable since March 27, 2019 pursuant to a bank covenant requiring the Group to repay the loan using the net proceeds from the Global Offering upon listing.

22 Trade Payables

Ageing analysis of the trade payables based on invoice date at the end of each reporting period are as follows:

	As at December 31, 2018 US$'000	2017 US$'000
0–30 days	**56**	54
	56	54

The carrying amounts of trade payables are mainly denominated in US$.

23 Other Payables and Accruals

	As at December 31, 2018 US$'000	2017 US$'000
Salaries and bonuses payable	**956**	1,252
Listing expense payable	**1,127**	1,231
Professional service fee payable	**556**	28
Other tax payable	**191**	56
Others	**932**	487
	3,762	3,054

The carrying amounts of other payables and accruals approximate to their fair values.

The carrying amounts of other payables and accruals are mainly denominated in US$.

24 Contract Liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at December 31, 2018 US$'000	2017 US$'000
Contract liabilities	**17,258**	15,807

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as at December 31, 2017 and 2018, and the portion to be recognized over the next twelve months will be classified as current liabilities in the consolidated statements of financial position.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	As at December 31, 2018 US$'000	2017 US$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year period	**15,807**	14,761

All contract liabilities are amortised within one year.

25 Share Capital and Share Premium

	Number of ordinary shares '000	Share capital US$'000	Share premium US$'000	Total US$'000
As at January 1, 2017	63	6	34	40
Repurchase and cancellation of ordinary shares (Note (a))	(63)	(6)	(34)	(40)
Re-allotment of ordinary shares (Note (a))	633	—	40	40
Issuance of ordinary shares (Note (b))	347,367	35	2,798	2,833
As at December 31, 2017	348,000	35	2,838	2,873
Issuance of ordinary shares (Note (c))	20,571	2	17,998	18,000
As at December 31, 2018	368,571	37	20,836	20,873

Notes:

(a) On August 28, 2017, the par value of the Company's ordinary shares was changed to US$0.0001 and the Company repurchased 63,300 ordinary shares, representing the then entire issued share capital of the Company and such shares were cancelled. On the same date, an aggregate of 633,000 shares with par value of US$0.0001 each were allotted and issued at a price of US$0.063 per share for a consideration of US$40,000.

(b) On October 2, 2017 and October 17, 2017, 331,367,000 and 16,000,000 ordinary shares at par value of US$0.0001 each were issued and allotted for cash totalling US$33,000 and US$2,800,000, respectively.

(c) On March 30, 2018 and August 1, 2018, 6,857,000 and 13,713,655 ordinary shares at par value of US$0.0001 each were issued and allotted for cash totalling US$6,000,000 and US$12,000,000, respectively.

(d) On March 26, 2019, as part of the Initial Public Offering, 80,900,000 ordinary shares were issued and allotted at HK$5.35 each, raising US$55,350,000 as disclosed in Note 37.

(e) On April 25, 2019, 7,641,500 ordinary shares were issued and allotted under the exercise of Over-Allotment Option as disclosed in Note 37.

26 Other Reserves

	Capital reserve US$'000	Foreign currency translation reserve US$'000	Total US$'000
As at January 1, 2017	1,792	(775)	1,017
Deemed distribution (note (i))	(248)	—	(248)
Deemed contribution (note (ii))	6,824	—	6,824
Currency translation differences	—	725	725
As at December 31, 2017	8,368	(50)	8,318
Deemed distribution (note (iii))	(70,000)	—	(70,000)
Currency translation differences	—	(580)	(580)
Transaction with non-controlling interests (note 32)	2	—	2
As at December 31, 2018	(61,630)	(630)	(62,260)

Capital reserve as at December 31, 2017 and 2018 represented the consolidated share capital of the subsidiaries, after elimination of inter-company investments, deemed contribution from or deemed distribution to Controlling Shareholder.

Notes:

(i) On July 10, 2017, Victos injected US$248,000 of cash into a wholly owned subsidiary engaged in the Other Business, deView International Corp. This transaction was treated as deemed distribution to the shareholder. deView International Corp. and its wholly owned subsidiaries, deView China and Security Manufacturing Ltd., were engaged in the Other Business were then transferred to a wholly-owned subsidiary of VTC for a cash consideration approximate to the net assets value.

(ii) On December 16, 2017, pursuant to the Assignment Agreement entered into among VTC, deView Electronics ("deView Electronics"), a wholly-owned subsidiary of Victos and its holding company, USA deView, Inc. ("USA deView"), also a wholly-owned subsidiary of Victos, the title to all the inventories and warranty were paid and transferred to VTC from deView Electronics. The Other Businesses previously operated by deView Electronics was transferred to VTC. The remaining net assets and liabilities of deView Electronics amounting to US$6,531,000 (including cash US$2,482,000) were transferred to USA deView engaged in Listing Business at nil consideration upon its dissolution and this transaction was treated as deemed contribution.

During the period from January 1, 2017 to December 22, 2017, USA deView, the then holding company of deView Electronics, filed its tax return on consolidated basis and accordingly the statutory profit or loss of deView Electronics is included in the calculation of the USA CIT tax of the USA deView for income tax filing purpose. Given the result of Other Businesses were excluded as described in Note 1.2, the income tax expense attributable to deView Electronics is excluded from the financial information of the Listing Business and the difference between the income tax expense calculated on consolidated basis and the tax expense calculated based on individual entities is treated as a deemed contribution of US$293,000 for the years ended December 31, 2017.

(iii) On April 16, 2018, the Company acquired the entire equity interest in Victos from ICTW, a company ultimately controlled by Controlling Shareholder for a cash consideration of US$70,000,000 and this transaction was treated as a deemed distribution.

27 Commitments

(a) Operating lease commitments

The Group leases office buildings under operating lease agreements and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under operating leases are as follows:

	As at December 31,	
	2018	2017
	US$'000	US$'000
No later than 1 year	**309**	277
Later than 1 year and no later than 5 years	**30**	221
	339	498

(b) Capital commitment

Contracted but not provided for

On May 16, 2018, the Group had contracted to inject an initial capital contribution to a joint-venture, Beijing Sciencare Technology Co., Ltd. in PRC of US$1,000,000 with reference to the underlying shareholders agreement. In February 2019, the Group contributed US$0.3 million to this joint-venture.

28 Note to Consolidated Statement of Cash Flows

	Year ended December 31, 2018 US$'000	2017 US$'000
Profit before income tax	**5,621**	10,508
Adjustments for:		
Depreciation of property, plant and equipment	**63**	64
Amortization of intangible assets	**256**	279
Interest income	**(856)**	(813)
Interest expense	**1,281**	79
Changes in working capital:		
Deposits, prepayments and other receivables	**834**	473
Amounts due from related parties	**123**	(39)
Trade payables	**2**	38
Contract liabilities	**1,219**	1,046
Other payables and accruals	**644**	1,780
Amounts due to related parties	**(622)**	(524)
Cash inflow generated from operations	**8,565**	12,891
Interest received	**1,315**	335
Interest paid	**(1,281)**	(79)
Net cash generated from operating activities	**8,599**	13,147

This section sets out an analysis of the movements in total debts for each of the periods presented.

Reconciliation of liabilities arising from financing activities

	Liabilities from financing activities			
	Borrowings due within 1 year US$'000	**Borrowings due after 1 year** US$'000	**Loans from related parties** US$'000	**Total** US$'000
As at January 1, 2017	(9,100)	—	(100)	(9,200)
Cash flows	8,600	—	100	8,700
As at December 31, 2017	(500)	—	—	(500)
Cash flows	(12,231)	(29,690)	—	(41,921)
As at December 31, 2018	(12,731)	(29,690)	—	(42,421)

29 Business Combinations

On December 27, 2018, the Group acquired 100% of equity interest of Who Are You Limited, a wholly private company principally engaged in providing credential service based in the UK for a total cash consideration of GBP2,545,000 (US$3,232,000), which includes cash-paid GBP2,245,000 on December 27, 2018, and deferred consideration GBP300,000.

Provisional purchase price allocation exercise was performed with reference to the business valuation prepared by an independent professional valuer. The fair value on acquisition date of the acquisition price, assets acquired and liabilities assumed on acquisition date are as follows:

	US$'000
Purchase consideration	
Cash consideration paid	2,997
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	48
Other receivables	7
Property, plant and equipment	24
Intangible assets	343
Other current liabilities	(296)
Total identifiable net assets	126
Goodwill	2,871
Outflow of cash to acquire business, net of cash acquired	
— Cash consideration paid	2,997
— Cash and cash equivalents acquired	(48)
Cash outflow on acquisition	2,949

30 Related Parties Transactions

Related parties may be individuals or other entities. The following individuals and companies are related parties of the Group that had balances and/or transactions with the Group for the year ended December 31, 2017 and 2018.

Names of the related parties	**Nature of relationship**
VTC Electronics Corp.	Controlled by the same controlling shareholder
ICTW Corp.	Controlled by the same controlling shareholder
Jike Investment Corp.	Controlled by the same controlling shareholder
deView Electronics	Controlled by the same controlling shareholder
Ocin Corp.	Ultimate holding company

The following transactions were carried out with related parties:

(a) Receipts of management services — recognized in general and administrative expenses and selling and marketing expenses

	Year ended December 31,	
	2018	2017
	US$'000	US$'000
Total management service fee	**939**	2,546

Management service charged by VTC and ICTW represented the corporate expenses incurred by VTC and ICTW which were specifically identified as relating to Listing Business and recharged to the Group on a cost plus 5% basis.

The receipts of management services has ceased since May 2018.

(b) Interest income

	Year ended December 31,	
	2018	2017
	US$'000	US$'000
Entities controlled by the same controlling shareholder	**85**	326

(c) Interest expense

	Year ended December 31,	
	2018	2017
	US$'000	US$'000
Entities controlled by the same controlling shareholder	**—**	2

30 Related Parties Transactions (Continued)

(d) Rental expenses

	Year ended December 31,	
	2018	2017
	US$'000	US$'000
Rental expenses of office premises	**182**	—

(e) Balances with related parties

	As at December 31,	
	2018	2017
	US$'000	US$'000
Loans advanced to related parties		
Entities controlled by the same controlling shareholder	—	9,100

As of December 31, 2017, loans from the Group's subsidiary, IntelliCentrics Holding Corp., to the related parties amounted to US$2,600,000 were unsecured, interest free, and repayable on demand. Another loan from the Group's subsidiary, USA deView, to related parties amounted to US$6,500,000 was unsecured with the interest rate of 5%, was denominated in US$ and was repayable on demand.

	As at December 31,	
	2018	2017
	US$'000	US$'000
Amounts due from related parties		
Entities controlled by the same controlling shareholder	—	123
Amounts due to related parties		
Entities controlled by the same controlling shareholder	**24**	646

Other than the loans advanced from and to related parties, amounts due to and from related parties are trade in nature, unsecured, interest free, repayable on demand and denominated in US$.

30 Related Parties Transactions (Continued)

(f) Pledged deposits and guarantee provided for a related party's banking facility

These represent restricted bank deposits held at banks as a security for a banking facility of JiKe Investment Corp..

	As at December 31,	
	2018	2017
	US$'000	US$'000
Pledged deposits provided by the Group for a banking facility of related party	—	23,000

These represent the guarantee provided for a banking facility of JiKe Investment Corp.

	As at December 31,	
	2018	2017
	US$'000	US$'000
Guarantee provided by the Group for a banking facility of related party	—	47,043

The banking facility of related party, JiKe Investment Corp. was secured by bank deposits provided by the Group, and also jointly guaranteed by IntelliCentrics Holding Corp. and Mr. Tzung Liang Lin.

The pledged deposits and guarantee were released during the year ended December 31, 2018.

(g) Key management compensation

Key management includes directors and senior management of the Group.

Compensation of the key management personnel of the Group, including director's remunerations as disclosed in Note 36 to the consolidated financial statements, was as follows:

	Year ended December 31,	
	2018	2017
	US$'000	US$'000
Wages, salaries and bonuses	**1,912**	1,928
Pension cost — defined contribution plans	**22**	18
Other benefits	—	—
	1,934	1,946

31 Financial Instruments By Category

The Group's financial instruments include the following:

	As at December 31, 2018 US$'000	2017 US$'000
Financial assets at amortised cost:		
Deposits and other receivables	**165**	2,128
Amounts due from related parties	**—**	9,223
Restricted cash	**21,500**	23,968
Short-term bank deposits	**260**	—
Cash and cash equivalents	**26,538**	23,714
	48,463	59,033
Financial liabilities at amortised cost:		
Borrowings	**42,421**	500
Trade payables	**56**	54
Other payables and accruals	**3,762**	1,746
Amounts due to related parties	**24**	646
	46,263	2,946

32 Transactions with Non-Controlling Interests

On November 21, 2018, IntelliCentrics Zengine (Hong Kong) Company Limited ("IntelliCentrics HK") which was formerly a wholly owned subsidiary of the Company, became owned by a third party as to 33%, through subscription by the third party of shares representing 33% of the shares (as enlarged by the subscription) of IntelliCentrics HK, at a consideration of HK$1,029,600 (equivalent to US$132,000) without loss of control. The Group retains 67% interest in that subsidiary immediately after the transaction. The carrying amount of the 33% equity interest in IntelliCentrics HK on the date of subscription by the third-party shareholder was approximately US$130,000. The Group recognized an increase in non-controlling interests of approximately US$130,000 and an increase in other reserve of approximately US$2,000.

33 Contingent Liabilities

In April 2018, a former employee of the Group's subsidiary, IntelliCentrics Inc., filed a lawsuit in Denton County, Texas, USA against IntelliCentrics Inc., asserting certain claims for breach of employment agreement and age discrimination. As of the date of these issuance of this consolidated financial statements, the lawsuit is ongoing. By considering the facts as well as legal opinion from the external counsel, the Group expected that the possibility of defeat of the lawsuit was not probable and therefore no provision was provided.

Except as disclosed above, as of December 31, 2018, the Group did not have other material contingent liabilities.

34 Subsidiaries

Details of the principal subsidiaries of the Company as at December 31, 2018 are as follows:

Name	Place and date of incorporation	Principal activities	Paid up capital USD'000	Effective interest held 2018	Effective interest held 2017
Directly held by the Company					
Victos Holding Corp.	Samoa, October 31, 2003	Investment holding	5,339	**100%**	100%
IntelliCentrics Zengine (Hong Kong) Company Limited	Hong Kong, April 11, 2018	Investment holding	13	**67%**	N/A
Indirectly held by the Company					
IntelliCentrics Holding Corp.	Caymans Island, April 27, 2012	Investment holding	6,165	**100%**	100%
Inception Point System Ltd.	UK, July 25, 2012	Investment holding	16,442	**100%**	100%
IntelliCentrics UK Ltd.	UK, July 23, 2012	Provision of healthcare vendor credentialing and hospital vendor management solutions	2,050	**100%**	100%
Zengine Ltd.	UK, August 28, 2013	Possession and management of intellectual property	3,050	**100%**	100%
IntelliCentrics Solutions Inc.	Canada, July 20, 2012	Provision of healthcare vendor credentialing and hospital vendor management solutions	3,050	**100%**	100%
USA deView, Inc.	USA, June 4, 2004	Investment holding and provision of administrative services to the group companies	33,889	**100%**	100%
IntelliCentrics, Inc.	USA, May 19, 2010	Provision of healthcare vendor credentialing and hospital vendor management solutions	10	**100%**	100%
VendorClear.com, LLC	USA, November 28, 2005	Inactive	5,000	**100%**	100%
Status Blue LLC	USA, September 27, 2005	Inactive	5,795	**100%**	100%
Who Are You Limited	UK, April 13, 2013	Provision of healthcare vendor credentialing and hospital vendor management solutions	1	**100%** (i)	N/A

Note:

(i) The subsidiary was acquired on December 27, 2018.

35 Statement of Financial Position and Reserve Movement of the Company

	Note	As at December 31, 2018 US$'000	2017 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4**	—
Investment in subsidiaries		**70,268**	—
		70,272	—
Current assets			
Deposits, prepayments and other receivables		**1,284**	367
Amounts due from related parties		**462**	2
Cash and cash equivalents		**10,895**	2,746
		12,641	3,115
Total assets		**82,913**	3,115
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**37**	35
Share premium	*(a)*	**20,836**	2,838
Other reserve	*(a)*	**(5)**	—
Accumulated losses	*(a)*	**(6,381)**	(523)
Total equity		**14,487**	2,350
LIABILITIES			
Non-current liabilities			
Borrowings		**29,690**	—
Current liabilities			
Borrowings		**12,731**	—
Other payables and accruals		**1,593**	765
Current income tax liabilities		**9**	—
Amounts due to subsidiaries		**24,379**	—
Amounts due to related parties		**24**	—
		38,736	765
Total liabilities		**68,426**	765
Total equity and liabilities		**82,913**	3,115

The statement of financial position of the Company was approved by the Board of Directors on April 26, 2019 and was signed on its behalf.

Lin Tzung-Liang
Director

Michael James Sheehan
Director

35 Statement of Financial Position and Reserve Movement of the Company (Continued)

Note (a): Reserve movement of the Company

	Share Premium US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Total US$'000
As at January 1, 2017	34	(6)	—	28
Repurchase and cancellation of ordinary shares	(34)	—	—	(34)
Re-allotment of ordinary shares	40	—	—	40
Issuance of ordinary shares	2,798	—	—	2,798
Loss for the year	—	(517)	—	(517)
As at December 31, 2017	2,838	(523)	—	2,315
Issuance of ordinary shares	17,998	—	—	17,998
Loss for the year	—	(5,858)	—	(5,858)
Currency translation differences	—	—	(5)	(5)
As at December 31, 2018	20,836	(6,381)	(5)	14,450

36 Benefits and Interests of Directors

The remuneration of each director of the Company paid/payable by the Group for the year ended December 31, 2018 are set out as follows:

	Director's fee US$'000	Salaries, wages and bonuses US$'000	Pension costs-defined contribution plan US$'000	Other social security costs, housing benefits and other employee benefits US$'000	Other emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking* US$'000	Total US$'000
Executive directors						
— Tzung Liang Lin	**20**	**220**	**—**	**—**	**110**	**350**
— Michael J. Sheehan	**189**	**555**	**11**	**—**	**35**	**790**
Non-executive directors						
— Kuo Chang Lin (appointed on September 5, 2018)	**—**	**—**	**—**	**—**	**—**	**—**
— Sean Fang (appointed on September 5, 2018)	**—**	**—**	**—**	**—**	**—**	**—**
	209	**775**	**11**	**—**	**145**	**1,140**

36 Benefits and Interests of Directors (Continued)

The remuneration of each director of the Company paid/payable by the Group for the year ended December 31, 2017 are set out as follows:

	Director's fee US$'000	Salaries, wages and bonuses US$'000	Pension costs-defined contribution plan US$'000	Other social security costs, housing benefits and other employee benefits US$'000	Other emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking* US$'000	Total US$'000
Executive directors						
— Tzung Liang Lin	20	140	—	—	242	402
— Michael J. Sheehan	265	624	11	—	117	1,017
	285	764	11	—	359	1,419

* These represent directors' salaries paid by VTC for their services provided to the Group and recharged to the Group through management fee.

Note: Kwok Wai Chan, Chiang Lo and Haipeng Shen were appointed as independent non-executive directors on March 14, 2019.

(i) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the year ended December 31, 2017 and 2018.

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits for the year ended December 31, 2017 and 2018.

(iii) Consideration provided to third parties for making available directors' services

For the year ended December 31, 2017 and 2018, the Group did not pay consideration to any third parties for making available directors' services.

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 30, there were no other loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors for the year ended December 31, 2017 and 2018.

(v) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 30, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended December 31, 2017 and 2018.

37 Events After the Reporting Period

Except as disclosed elsewhere in the financial statements, the following events have taken place:

(a) In February 2019, 11,535,000 shares options were granted to qualified participants including employees with the exercise prices of US$0.875 per share (approximately HK$6.852). The share option period shall be 6 years from the date of grant and the share option shall lapse at the end of the share option period. 20% of the options shall vest on the first to fifth anniversary dates of the date of grant each year. Share options vested are exercisable after the Company's Listing in the Main Board of The Stock Exchange of Hong Kong Limited.

(b) As part of an Initial Public Offering, the Company issued 80,900,000 new ordinary shares at HK$5.35 each, raising gross proceeds of US$55,350,000. On March 27, 2019, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(c) On April 25, 2019, under an Over-Allotment Option, the Company issued 7,641,500 new ordinary shares at HK$5,35 each, raising gross proceeds of US$5,228,000. The un-exercised Over-Allotment Option in respect of 4,493,500 ordinary shares was lapsed on April 20, 2019.

FINANCIAL SUMMARY

Results

RESULTS	Year ended December 31 2018 US$'000	2017 US$'000	2016 US$'000	2015 US$'000
Revenue	**34,037**	31,399	30,834	30,135
Profit before income tax	**5,621**	10,508	13,302	8,558
Income tax expenses	**(2,572)**	(2,696)	(6,293)	(3,740)
Profit for the year	**3,049**	7,812	7,009	4,818

ASSETS, EQUITY AND LIABILITIES	As at December 31 2018 US$'000	2017 US$'000	2016 US$'000	2015 US$'000
ASSETS				
Non-current assets	**32,305**	34,790	12,223	14,456
Current assets	**35,660**	37,042	56,626	45,868
Total assets	**67,965**	71,832	68,849	60,324
EQUITY AND LIABILITIES				
Total equity	**1,090**	50,489	32,543	31,477
Non-current liabilities	**31,800**	1,101	1,028	676
Current liabilities	**35,075**	20,242	35,278	28,171
Total liabilities	**66,875**	21,343	36,306	28,847
Total equity and liabilities	**67,965**	71,832	68,849	60,324

Note: The summary of the results of the Group for each of the three years ended December 31, 2015, 2016 and 2017 and of the assets, equity and liabilities as at December 31, 2015, 2016 and 2017 have been extracted from the Prospectus.

The financial information for the year ended December 31, 2014 was not disclosed as consolidated financial statements for the Group have not been prepared for this year. The summary above does not form part of the audited financial statements.

"AGM"	annual general meeting of the Company;
"Articles of Association"	the Second Amended and Restated Memorandum and Articles of Association of our Company (as amended from time to time), conditionally adopted on March 14, 2019, with effect from the Listing Date;
"Audit Committee"	the audit committee of the Board;
"Board" or "Board of Directors"	the board of Directors of the Company;
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"Company" or "IntelliCentrics"	IntelliCentrics Global Holdings Ltd. 中智全球控股有限公司 (formerly known as 31 Frameworks Ltd.), which is an exempted company with limited liability incorporated in the Cayman Islands on June 3, 2016 and the Shares of which are listed on the Main Board of the Stock Exchange on March 27, 2019;
"Controlling Shareholder(s)"	the controlling shareholders (as defined in the Listing Rules) of our Company, namely Mr. Lin and Ocin Corp;
"Director(s)"	director(s) of the Company;
"GBP"	British Pound, the lawful currency of the United Kingdom;
"Global Offering"	the global offering of new Shares of the Company in March 2019;
"Group", "our Group", "we" or "us"	our Company and its subsidiaries at the relevant time and, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;
"ICTW"	ICTW Corp. (遠智股份有限公司), a company incorporated in Taiwan on October 11, 2017 and a company controlled by Mr. Lin;
"IPO"	an initial public offering of the Shares and listing of the Shares on the Main Board of the Stock Exchange;
"Latest Practicable Date"	April 25, 2019;
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange;
"Listing Date"	the date on which dealings in the Shares first commenced on the Stock Exchange i.e. March 27, 2019;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
"LoCs"	location of care, including hospitals, physician offices and other types of locations where healthcare services are provided such as imaging centers and long-term care centers;

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
"Mr. Lin"	Mr. Lin Tzung-Liang (林宗良), the Chairman of the Board, an executive Director of our Company and one of our Controlling Shareholders;
"Mr. Sheehan"	Mr. Michael James Sheehan, the Chief Executive Officer and an executive Director of our Company;
"Mr. Sheehan Trust"	Michael Sheehan Irrevocable Trust, a trust associated with Mr. Sheehan with Mr. Sheehan being a beneficiary and the trustee;
"Nomination Committee"	the nomination committee of the Board;
"Non-Compete Period"	the period commencing on the Listing Date and ending on the earliest of: (a) the date on which any relevant Controlling Shareholder ceases to be a controlling shareholder of the Company as defined in the Listing Rules; (b) the date on which the Shares cease to be listed on the Stock Exchange; and (c) the date on which the Group ceases to engage in the business that competes or may compete with the principal business which the Group carries out as at the Listing Date which is the provision of credentialing services for vendor representatives and/or medical staff;
"Pre-IPO Investments''	the transactions as further described in ''History, Reorganization and Development — The Pre-IPO Investments'' in the Prospectus;
"Pre-IPO Share Option(s)" or "Share Option(s)"	the option(s) granted by the Company under the Pre-IPO Share Option Scheme;
"Pre-IPO Share Option Scheme"	the share option plan adopted by the Board on August 7, 2018;
"Prospectus"	the prospectus dated March 18, 2019 issued by the Company;
"Remuneration Committee"	the remuneration committee of the Board;
"Reorganization"	the reorganization of our Group in preparation for the IPO, details of which are set out in "History, Reorganization and Development — Our Reorganization" of the Prospectus;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Shares(s)"	ordinary share(s) in the capital of our Company with nominal value of US$0.0001 each;
"Shareholder(s)"	holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"subsidiaries"	has the meaning ascribed to it in section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"U.S. dollars" or "US$"	U.S. dollars, the lawful currency of the United States of America;
"U.S." or "United States"	the United States of America;
"Victos"	Victos Holding Corp., an international company incorporated in Samoa on October 31, 2003, and a wholly owned subsidiary of our Company;
"VTC Electronics"	VTC Electronics Corp. (遠業科技股份有限公司), a joint stock company with limited liability incorporated in Taiwan on August 30, 1995, a company controlled by Mr. Lin;
"WAY"	Who Are You Limited, a company incorporated and registered under the laws of England and Wales on April 12, 2013, and was wholly owned by Nicola Arcos, Jonathan Arcos, Lisa Watts and David Watts immediately prior to the completion of the WAY Acquisition, and became an indirect wholly-owned subsidiary of our Company on December 27, 2018;
"WAY Acquisition"	the acquisition of the then entire issued share capital of WAY by IntelliCentrics UK Ltd; and
"%"	Percent.

In this annual report, the terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

IntelliCentrics Global Holdings Ltd.
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