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

INTERIM REPORT
2019

CONTENTS

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.

1420 Lakeside Parkway
Suite 110
Flower Mound
Texas 75028-4035

Principal Place of Business in Hong Kong

31/F, Tower Two
Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Registered Office

c/o Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
George Town
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Cayman Islands Principal Share Registrar and Transfer Agent

Harneys Fiduciary (Cayman) Limited
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

Silicon Valley Bank
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

Business Overview and Outlook

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 the first half of 2019, vendor credentialing solution business still was the vast majority of our revenue. As of June 30, 2019, we had 10,850 Registered LoCs and 120,062 vendor subscribers of our vendor credentialing solution, representing a 5% YoY increase and a 1.4% YoY decrease respectively. At the same time, we continued to further cultivate our medical credentialing solution business. As of June 30, 2019, the LoCs adopted our medical credentialing solution and our medical staff subscribers increased rapidly to 1,054 and 2,899, respectively, demonstrating our continuing achievements on this new solution business.

Our revenue amounted to US$17.8 million for the six months ended June 30, 2019, representing a 7.8% YoY increase. During the same periods, our gross profit increased by 8.3% to US$16.7 million from US$15.4 million. However, we recorded a loss of US$3.8 million for the six months ended June 30, 2019, as compared to US$0.5 million profit for the six months ended June 30, 2018. The significant decrease in net profit was primarily due to the increased employee benefits expenses and Director's emoluments, Listing expenses and promotion and advertisement expenses including those in relation to our newly launched medical credentialing solutions.

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. We will continue to grow our businesses by pursuing the following strategies:

- We will further 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 will also leverage our long-term relationships with existing Registered LoCs to capture more LoCs to adopt our platform and different solutions.

- To ramp up the penetration of the addressable medical credentialing market, we will continue to increase our investment in sales and marketing efforts to promote our medical credentialing solution to LoCs, medical staff and organizations of healthcare professionals. We will further strengthen our customer services to medical staff to enhance the user experience of our medical staff solution.

- To broaden our sources of revenue, we will continue to develop new solutions and add-on services to serve our existing and future subscribers. Also, 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 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.

Financial Review

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 periods indicated:

	Six months ended June 30,			
	2019		2018	
	Amount	**% of revenue**	Amount	% of revenue
	(unaudited)		(unaudited)	
	(in thousands of US$, except for percentages)			
Revenue	**17,824**	**100.0**	16,531	100.0
Cost of sales	**(1,109)**	**(6.2)**	(1,101)	(6.7)
Gross profit	**16,715**	**93.8**	15,430	93.3
Selling and marketing expenses	**(2,773)**	**(15.6)**	(1,991)	(12.0)
General and administrative expenses	**(10,026)**	**(56.2)**	(6,328)	(38.3)
Research and development expenses	**(5,375)**	**(30.2)**	(5,792)	(35.0)
Other gains, net	**75**	**0.4**	152	0.9
Operating profit	**(1,384)**	**(7.8)**	1,471	8.9
Finance costs	**(1,483)**	**(8.3)**	(397)	(2.4)
Finance income	**314**	**1.8**	392	2.4
Share of loss of a joint venture	**(50)**	**(0.3)**	—	—
(Loss)/profit before income tax	**(2,603)**	**(14.6)**	1,466	8.9
Income tax expense	**(1,187)**	**(6.7)**	(971)	(5.9)
(Loss)/profit for the period	**(3,790)**	**(21.3)**	495	3.0
(Loss)/profit for the period				
Attributable to owners of the Company	**(3,771)**	**(21.2)**	495	3.0
Attributable to non-controlling interest	**(19)**	**(0.1)**	—	—
	(3,790)	**(21.3)**	495	3.0

Revenue

Our revenue amounted to US$17.8 million for the six months ended June 30, 2019, representing a 7.8% YoY increase. This increase was primarily attributable to an increase in revenue from credentialing services.

In the first half of 2019, substantially all of our revenue was generated in the United States, with only 2.2% of our total revenue generated in the United Kingdom and Canada.

The following table sets forth a breakdown of our revenue by solutions and add-on services for the periods indicated:

	Six months ended June 30,			
	2019		2018	
	Amount	**% of revenue**	Amount	% of revenue
	(unaudited)		(unaudited)	
	(in thousands of US$, except percentages)			
Credentialing Solutions				
Vendor credentialing(1)	**17,024**	**95.5**	15,425	93.3
Medical credentialing	**288**	**1.6**	18	0.1
Subtotal	**17,312**	**97.1**	15,443	93.4
Add-On Services				
Online training(2)	**—**	**—**	510	3.1
Other add-on services(3)	**512**	**2.9**	578	3.5
Subtotal	**512**	**2.9**	1,088	6.6
Total	**17,824**	**100.0**	16,531	100.0

Notes:

(1) Primarily including revenue from subscription of the annual membership of our vendor credentialing solution.

(2) We changed our membership system and have ceased to offer online training as an add-on service since January 1, 2018. It was integrated as a part of the annual membership package to all paying vendor subscribers. 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 amounted to US$17.3 million for the six months ended June 30, 2019, representing a 12.1% YoY increase and accounted for 97.1% of our total revenue. This increase was primarily due to (i) our unification of membership fee at four levels, which represented a blended average annual subscription fee of US$242.2, to a single fee of US$287 and (ii) the YoY increase of 1,230 total subscribers. 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.

Revenue from add-on services amounted to US$0.5 million for the six months ended June 30, 2019, representing a 53% YoY decrease and accounted for 2.9% of our total revenue. This decrease was 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 and the remaining ceasing portion had been rendered as of June 30, 2019.

Cost of Revenue

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

	Six months ended June 30,			
	2019		2018	
	Amount	**% of revenue**	Amount	% of revenue
	(unaudited)		(unaudited)	
	(in thousands of US$, except percentages)			
Employee benefits expenses	**227**	**1.3**	230	1.4
Payment processing fees	**493**	**2.8**	520	3.1
Others(1)	**389**	**2.2**	351	2.2
Total	**1,109**	**6.2**	1,101	6.7

Note:

(1) Including primarily 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 amounted to US$1.1 million for the six months ended June 30, 2019, representing a YoY slightly increase of US$0.08 million and accounted for 6.2% of our total revenue which remained stable.

Gross Profit and Gross Profit Margin

Our gross profit for the six months ended June 30, 2019 amounted to US$16.7 million, representing a YoY increase of 8.3%. This was mainly in line with the growth of revenue. Our gross profit margin for the six months ended June 30, 2019 remained stable at 93.4% as compared to 93.8% for the six months ended June 30, 2018.

Selling and Marketing Expenses

Our selling and marketing expenses for the six months ended June 30, 2019 amounted to US$2.8 million, representing a YoY increase of 39.3% and US$0.8 million, which was primarily due to the new hiring of sales and marketing employees and promotion of our advertisement activities. The effect of those reasons are US$0.4 million and US$0.4 million, respectively. The increase in our selling and marketing expense is to strengthen our sales and marketing force for promoting our future newly launched medical credentialing solution and pipeline solutions in connection with advertisement to promote our brand awareness.

General and Administrative Expenses

Our general and administrative expenses for the six months ended June 30, 2019 amounted to US$10.0 million, an increase of US$3.7 million from US$6.3 million for the six months ended June 30, 2018, representing a 58.4% YoY increase. Such increase was primarily attributable to the increases of (i) the compensation of IPO bonus amounted to US$0.7 million and the new hiring of general and administrative employees amounted to US$0.2 million, (ii) the travelling and entertainment expenses, US$0.3 million and US$0.3 million, respectively, (iii) the accrual expense of ESOP US$0.2 million, (iv) the securities custodian fee US$0.2 million, (v) the remuneration of Directors amounted to US$0.1 million and (vi) the incurrence of remaining portion of Listing expense of US$2.7 million which were partially offset by the decreases of professional service fee of US$0.1 million and management service fee of US$0.9 million, which consist primarily of the corporate expenses and employee benefits expenses incurred by VTC Electronics and ICTW in connection with the management service provided to us which was discontinued before June 30, 2018.

Research and Development Expenses

Our research and development expenses for the six months ended June 30, 2019 amounted to US$5.4 million, a decrease from US$5.8 million for the six months ended June 30, 2018. Such decrease was primarily attributable to the capitalization of our pipeline solutions projects.

Other Gains/(Losses) — Net

We had other gains, net of US$0.08 million for the six months ended June 30, 2019 compared to other gains, net of US$0.2 million for the six months ended June 30, 2018, primarily due to the decrease of foreign exchange gain of our UK subsidiaries resulting from the depreciation of GBP against US$ in 2019.

Finance Costs

Our finance costs increased by US$1.1 million from US$0.4 million for the six months ended June 30, 2018 to US$1.5 million for the six months ended June 30, 2019, which was primarily due to the longer interest bearing period of the bank facility to finance the acquisition of Victos from ICTW as a part of the Reorganization in April 2018 and relevant bank charges for account reorganization.

Finance Income

Our finance income remained consistently stable at US$0.3 million and US$0.4 million for the six months ended June 30, 2019 and 2018, respectively.

Income Tax Expense

Our income tax expense increased by 22.2% from US$1 million for the six months ended June 30, 2018 to US$1.2 million for the six months ended June 30, 2019, which was mainly due to the increase in our profit before income tax from our Group's principal place of operation amounted to US$0.3 million. Our effective tax rate was -45.6% and 66.2% for the six months ended June 30, 2019 and 2018, respectively. The significant change of our effective tax rate in the six months ended June 30, 2019 compared to the same period in 2018 was primarily due to significant expenses incurred by our Company, which is incorporated in the Cayman Islands and not subject to corporate income tax.

Loss for the Six Months Ended June 30, 2019

Our net loss/profit decreased from profit of US$0.5 million for the six months ended June 30, 2018 to loss of US$3.8 million for the six months ended June 30, 2019, representing a 866% YoY decrease. Our net profit margin decreased from 3% in 2018 to -21.3% in 2019. The significant decrease in net profit and net profit margin was primarily due to the increased employee benefits expenses (including Director's emoluments), Listing expenses and promotion and advertisement expenses.

Financial Position

Deposits, Prepayments and Other Receivables

Our deposit, prepayments and other receivables increased by 24.6% from US$2.4 million as of December 31, 2018 to US$3.0 million as of June 30, 2019, primarily due to the increase of prepaid custodian fee for investments in promissory notes.

Trade Payables

Our trade payables decreased by 40.0% from US$56,000 as of December 31, 2018 to US$40,000 as of June 30, 2019, primarily due to the decreased payables to the suppliers.

Amounts Due to Related Parties

Our amounts due to related parties increased by 491.7% from US$24,000 as of December 31, 2018 to US$142,000 as of June 30, 2019, primarily driven by the rent payable to VTC Electronics.

Contract Liabilities

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as at June 30, 2019 and December 31, 2018, and the portion to be recognized over the next twelve months will be classified as current liabilities in the condensed consolidated statement of financial position.

Our contract liabilities increased by 5% from US$17.3 million as of December 31, 2018 to US$18.1 million as of June 30, 2019 primarily due to the industry seasonality, the fourth quarter of each year, generating the lowest volume of subscriptions to be amortized within one year.

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 acquisition and (ii) capitalization of our development expenditures. Our intangible assets increased by 5.5% and US$0.9 million from US$17.2 million as of December 31, 2018 to US$18.1 million as of June 30, 2019, which was primarily due to (i) the addition of goodwill, US$0.3 million, arising from the acquisition of WAY net of certain price adjustment as set out in the share purchase agreement, (ii) capitalization of development expenditures amounted to US$0.8 million for certain pipeline solutions as the stage of their development satisfied our criteria for capitalization and against by (iii) the overall amortization amounted to US$0.2 million.

Equity

We had total equities of US$1.1 million and US$50 million as of December 31, 2018 and as of June 30, 2019, respectively. The significant increase was primarily due to the proceeds from the Global Offering amounted to US$60.6 million which was against by (i) the acquisition of shares by employee share trust deemed treasury shares amounted to US$3.5 million, (ii) the Listing expenses charged to share premium amounted to US$4.5 million and (iii) net loss for the period amounted to US$3.8 million.

Liquidity and Financial Resources

Our Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group's overall treasury and funding policies focus on managing financial risks including interest rate and foreign exchange risks; on cost efficient funding of the Company and its subsidiaries; and on yield enhancement from time to time when the Group's cash position allows. The Group has always adhered to prudent financial management principles, including the selection of investment securities according to the Group's treasury investment policy.

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 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 June 30, 2019, the cash and cash equivalents, net current assets and total assets less current liabilities were US$13.8 million (as of December 31, 2018: US$26.5 million), US$32.8 million (as of December 31, 2018: US$0.6 million) and US$52.6 million (as of December 31, 2018: US$32.9 million), respectively.

Net Current Assets

Our net current assets increased by US$32.2 million from US$0.6 million as of December 31, 2018 to US$32.8 million as of June 30, 2019 due to the purchase of financial assets at fair value through other comprehensive income of US$55 million and the increase of restricted cash amounted to US$9 million due to the shifting of the bank loan from non-current to current portion against by an increase of US$18.8 million in borrowings, which represented the shifting of the bank loan from non-current to current portion and a decrease of US$12.8 million in cash from operations, investing and financing activities.

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 current restricted cash of US$15.4 million, as of June 30, 2019 and the current and non-current restricted cash of US$21.5 million as of December 31, 2018 represented the decrease of US$6.1 million due to the repayment of the bank loan of US$12.4 million combined with the shifting of the bank loan from non-current to current portion.

Significant Investments, Acquisitions and Disposals

In February 2019, we contributed US$0.3 million to a joint venture of the Group, Beijing Sciencare Technology Co., Ltd., it is a company incorporated in the PRC with limited liability on March 21, 2018, a joint venture which is 60.0% owned by Mr. Li Zheng and 40.0% owned by IntelliCentrics Zengine (Hong Kong) Company Limited, a subsidiary of our Group.

Indebtedness

Borrowings

As of June 30, 2019, we had borrowing balance of US$31.5 million with the interest rate per annum ranged between 3.90%–4.54% (December 31, 2018: US$42.4 million with the interest rate per annum ranged between 3.30%–4.45%). The borrowings are secured by certain bank deposits.

Contingent Liabilities

In April 2018, a former employee of the Group's subsidiary, IntelliCentrics Inc., filed a lawsuit in Denton City, Texas, USA against IntelliCentrics Inc., asserting certain claims for breach of employment agreement and age discrimination. As of the date of issuance of this interim condensed consolidated financial information, 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 June 30, 2019, the Group did not have other material contingent liabilities.

Gearing Ratio

Our gearing ratio (calculated as total borrowings divided by total equity) decreased significantly from 3,891.8% as of December 31, 2018 to 63.0% as of June 30, 2019, primarily due to the significant increase in total equity as a result of proceeds from issuance of shares after IPO, details of which are set out in — "Equity" of this interim report.

Financial Instruments

On March 27, 2019, we used our IPO proceeds that were not immediately in use for the use of proceeds purpose set forth in the Prospectus to purchase certain promissory notes. As of June 30, 2019, these promissory notes were stated at their fair value of US$55 million (December 31, 2018: US$0) based on the par value based on the fair value as at June 30, 2019 set forth in certain valuation reports issued by an independent third party valuer. None of these promissory notes was either past due or impaired. On August 19, 2019, the Company redeemed US$4.4 million of the promissory notes with the interest of US$88,000. See "Events After the Reporting Period" of this interim report. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effect manner.

Employee and Remuneration Policy

As of June 30, 2019, the Group had 140 employees (June 30, 2018: 122 employees). Total staff remuneration expenses including Directors' remuneration for the six months ended June 30, 2019 amounted to US$7.3 million (for the six months ended June 30, 2018: US$5.8 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 and housing provident contributions made by the Group, performance-based compensation and discretionary bonus. The Group has also adopted the Pre-IPO Share Option Scheme and the RSA Scheme to attract, retain and monitor our key employees.

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.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2019.

Corporate Governance Practice

The Board is committed to maintaining high corporate governance standards. The Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules which are applicable to the Company. In the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code during the period from the Listing Date till June 30, 2019.

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).

The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the period from the Listing Date till June 30, 2019. The Company has made specific inquiries of relevant employees about their compliance with the guidelines on transactions of the Company's securities, without noticing any violation of the guidelines.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Review of Interim Results

The Audit Committee comprises two independent non-executive Directors, namely, Mr. Chan Kwok Wai and Mr. Lo Chiang, and a non-executive Director, Mr. Sean Fang. The chairman of the Audit Committee is Mr. Chan Kwok Wai.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2019 and was of the opinion that the preparation of such interim results had been prepared in accordance with the relevant accounting standards and that adequate disclosures have been made in accordance with the requirements of the Listing Rules.

Events After the Reporting Period

On August 19, 2019, the Company redeemed US$4.4 million of the promissory notes that were classified as financial assets at fair value through other comprehensive income, with the interest of US$88,000 from the holding period to the original maturity.

On August 20, 2019, the Group acquired the overseas listed equity securities, AerKomm Inc., of 118,000 shares amounted to US$5 million as a strategic investment. AerKomm Inc. is a service provider of in-flight connectivity and entertainment solutions for airline passengers, and is listed on the Nasdaq OTCQX market and Euronext Paris.

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

As of June 30, 2019, 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 June 30, 2019, 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 June 30, 2019, 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 June 30, 2019, 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 June 30, 2019, the Company had granted Share Options under the Pre-IPO Share Option Scheme to 42 grantees to subscribe for an aggregate of 10,440,000 Shares, and none of such Share Options have been vested, exercised, cancelled or lapsed.

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
Michael McDonald	Chief Operating Officer	February 18, 2019	5 years	0.875	500,000
Sub-total:					3,400,000
Other Employees in Aggregate	—	February 18, 2019	5 years	0.875	1,350,000
Consultants of Our Group	—	February 18, 2019	5 years	0.875	690,000
Total					10,440,000

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

RSA Scheme

The Company adopted the RSA Scheme by the Board's resolutions dated April 26, 2019. The purpose of the RSA 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 June 30, 2019, the Company had not granted any restricted share awards under the RSA Scheme.

Directors' Rights to Acquire Shares or Debentures

At no time during the six months ended June 30, 2019, 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.

Use of Proceeds from the Company's Global Offering

As disclosed in the annual report of the Group for the year ended December 31, 2018, the aggregate net proceeds from the Global Offering (including the proceeds from the exercise of the Over-Allotment Option) amounted to approximately HK$396.95 million. As of the date of this interim report, the Company had no plan to make any material adjustments to the use of proceeds. The use of net proceeds and expected timeline of the intended use of the unutilized proceeds, subject to the then management assessment, market conditions and the business operations and financial needs of the Group, is set out as below:

Item	**Net proceeds from the Global Offering (including proceeds from the exercise of the Over-Allotment Option)** (HKD million)	**Utilized between March 27, 2019 to August 29, 2019** (HKD million)	**Unutilized as of August 30, 2019** (HKD million)	**Expected timeline of the intended use of the unutilized proceeds, subject to the then management assessment, market conditions and the business operations and financial needs of the Group**
Sales and marketing efforts, primarily for promoting newly launched medical credentialing solution and pipeline solutions	234.6	3.9	230.7	Expected to be fully utilized by the end of 2021
Repaying the principal amount of a bank facility in connection with the reorganization	117.7	0	117.7	Expected to be fully utilized by the end of 2020
Funding potential acquisitions and developing strategic alliances	5.03	5.03	0	N/A
Working capital and other general corporate purposes	39.62	39.62	0	N/A
Total	396.95	48.55	348.4	

Appendix 16 to the Listing Rules

According to paragraph 40 of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed herein, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 has not been changed significantly from the information disclosed in the Company's 2018 annual report.

By order of the Board
IntelliCentrics Global Holdings Ltd.
LIN Tzung-Liang
Chairman of the Board

Hong Kong, August 29, 2019

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2019

	Note	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Revenues	6	**17,824**	16,531
Cost of revenues	7	**(1,109)**	(1,101)
Gross profit		**16,715**	15,430
Selling and marketing expenses	7	**(2,773)**	(1,991)
General and administrative expenses	7	**(10,026)**	(6,328)
Research and development expenses	7	**(5,375)**	(5,792)
Other gains, net	8	**75**	152
Operating profit		**(1,384)**	1,471
Finance costs	9	**(1,483)**	(397)
Finance income	10	**314**	392
Share of loss of a joint venture	18	**(50)**	—
(Loss)/profit before income tax		**(2,603)**	1,466
Income tax expense	11	**(1,187)**	(971)
(Loss)/profit for the period		**(3,790)**	495
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
— Currency translation differences	27	**(89)**	(195)
Total comprehensive (loss)/income for the period		**(3,879)**	300
(Loss)/profit for the period			
Attributable to owners of the Company		**(3,771)**	495
Attributable to non-controlling interest		**(19)**	—
		(3,790)	495
Total comprehensive (loss)/income for the period			
Attributable to owners of the Company		**(3,860)**	300
Attributable to non-controlling interest		**(19)**	—
		(3,879)	300
(Loss)/earnings per share attributable to owners of the Company for the period (expressed in US$ per share)			
— Basic and diluted	12	**(0.009)**	0.001

The above unaudited interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Note	**As at June 30, 2019 US$'000 (Unaudited)**	As at December 31, 2018 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**84**	81
Right-of-use assets	*15*	**387**	—
Intangible assets	*16*	**18,093**	17,156
Deposits and prepayments	*17*	**926**	18
Interests in a joint venture	*18*	**250**	—
Restricted cash	*19*	**—**	15,050
		19,740	32,305
Current assets			
Financial assets at fair value through other comprehensive income	*20*	**55,000**	—
Deposits, prepayments and other receivables	*17*	**2,101**	2,412
Restricted cash	*19*	**15,400**	6,450
Short-term bank deposits		**—**	260
Cash and cash equivalents		**13,771**	26,538
		86,272	35,660
Total assets		**106,012**	67,965
EQUITY			
Equity attributable to owners of the Company			
Share capital	*25*	**46**	37
Share premium	*25*	**76,929**	20,836
Other equity	*26*	**(3,503)**	—
Other reserves	*27*	**(62,165)**	(62,260)
Retained earnings		**38,576**	42,347
		49,883	960
Non-controlling interests		**111**	130
		49,994	1,090

	Note	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*21*	—	29,690
Deferred income tax liabilities		2,428	2,110
Lease liabilities	*15*	165	—
		2,593	31,800
Current liabilities			
Borrowings	*21*	31,500	12,731
Lease liabilities	*15*	253	—
Trade payables	*22*	40	56
Other payables and accruals	*23*	3,233	3,762
Amounts due to a related party	*29*	142	24
Contract liabilities	*24*	18,119	17,258
Current income tax liabilities		138	1,244
		53,425	35,075
Total liabilities		56,018	66,875
Total equity and liabilities		106,012	67,965

The above unaudited interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2019

	Note	Share capital US$'000	Share premium US$'000	Other equity 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, 2018 (Audited)		35	2,838	—	8,318	39,298	50,489	—	50,489
Profit for the period		—	—	—	—	495	495	—	495
Other comprehensive income									
— Currency translation differences		—	—	—	(195)	—	(195)	—	(195)
Total comprehensive income for the year		—	—	—	(195)	495	300	—	300
Transactions with owners:									
Deemed distribution		—	—	—	(70,000)	—	(70,000)	—	(70,000)
Proceeds from issuance of stock		1	5,999	—	—	—	6,000	—	6,000
Total transactions with owners		1	5,999	—	(70,000)	—	(64,000)	—	(64,000)
As at June 30, 2018 (Unaudited)		36	8,837	—	(61,877)	39,793	(13,211)	—	(13,211)
As at December 31, 2018 (Audited)		**37**	**20,836**	—	**(62,260)**	**42,347**	**960**	**130**	**1,090**
Profit for the period		—	—	—	—	**(3,771)**	**(3,771)**	**(19)**	**(3,790)**
Other comprehensive income									
— Currency translation differences	*27*	—	—	—	**(89)**	—	**(89)**	—	**(89)**
Total comprehensive income for the period		—	—	—	**(89)**	**(3,771)**	**(3,860)**	**(19)**	**(3,879)**
Transactions with owners:									
Proceeds from issuance of shares	*25*	**9**	**60,569**	—	—	—	**60,578**	—	**60,578**
Acquisition of treasury shares	*26*	—	—	**(3,503)**	—	—	**(3,503)**	—	**(3,503)**
Issue of share options under share option scheme	*27*	—	—	—	**184**	—	**184**	—	**184**
Listing expense charged to share premium	*25*	—	**(4,476)**	—	—	—	**(4,476)**	—	**(4,476)**
Total transactions with owners		**9**	**56,093**	**(3,503)**	**184**	—	**52,783**	—	**52,783**
As at June 30, 2019 (Unaudited)		**46**	**76,929**	**(3,503)**	**(62,165)**	**38,576**	**49,883**	**111**	**49,994**

The above unaudited interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2019

	Note	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Cash flows from operating activities			
Cash (used in)/generated from operations		**(1,139)**	5,493
Income tax (paid)/refund		**(1,975)**	319
Net cash flows (used in)/generated from operating activities		**(3,114)**	5,812
Cash flows from investing activities			
Decrease in restricted cash		**6,100**	2,468
Decrease in short-term bank deposits		**260**	—
Net payment for acquisition of a joint venture	*18*	**(300)**	—
Net payment for acquisition of a subsidiary	*16*	**(344)**	—
Net payment for acquisition and handling investing accounts		**(1,650)**	—
Purchase of financial assets at fair value through other comprehensive income	*20*	**(55,000)**	—
Purchase of property, plant and equipment		**(116)**	(60)
Purchase of intangible assets	*16*	**(755)**	(143)
Repayment of loans to related parties		**—**	9,100
Net cash flows (used in)/generated from investing activities		**(51,805)**	11,365
Cash flows from financing activities			
Repayments of borrowings		**(43,000)**	(500)
Proceeds of borrowings		**31,500**	42,205
Proceeds from issuance of shares		**60,578**	6,000
Acquisition of treasury shares	*26*	**(3,503)**	—
Deemed distribution		**—**	(70,000)
Listing expense charged to equity		**(3,236)**	—
Decrease in lease liabilities		**(108)**	—
Net cash flows generated from/(used in) financing activities		**42,231**	(22,295)
Net decrease in cash and cash equivalents		**(12,688)**	(5,118)
Cash and cash equivalents at the beginning of the period		**26,538**	23,714
Effects on exchange rate changes on cash and cash equivalents		**(79)**	(196)
Cash and cash equivalents at the end of the period		**13,771**	18,400

Major non-cash transactions:

On March 27, 2019, the Group invested in unlisted debt securities issued by private enterprises for US$55,000,000. In May 2019, the Group exchanged a portion of these debt securities at par of US$28,000,000 and utilised the proceeds to invest in another two debt securities issued by private enterprises.

The above unaudited interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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").

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

These unaudited interim condensed consolidated interim financial information are presented in United States dollars ("US$"), unless otherwise stated.

2 Basis of preparation

The unaudited interim condensed consolidated financial information for the six months ended June 30, 2019 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB"). The unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3 Significant Accounting Policies

Except for the new accounting policies as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended December 31, 2018.

(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
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

3 Significant Accounting Policies (Continued)

(b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies as a result of adopting IFRS 16 "Leases".

The impact of the application of IFRS 16 and the related new accounting policies are disclosed below. The other new or amended standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3.1 Principles of consolidation and equity accounting

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the interim condensed consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.6 of the Group's annual report for the year ended December 31, 2018.

3.2 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be 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.

3 Significant Accounting Policies (Continued)

3.2 Investments and other financial assets (Continued)

(i) *Classification (Continued)*

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) *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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

3 Significant Accounting Policies (Continued)

3.2 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3.3 Employee benefits

Share-based compensation benefits are provided to employees via the Pre-IPO Share Option scheme and the Restricted Share Award Scheme. Information relating to these schemes is set out in Note 26 and 27.

Employee options

The fair value of options granted under the Pre-IPO Share Option Scheme is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period)

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the share-based compensation reserve transfers the appropriate number of shares to employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

3 Significant Accounting Policies (Continued)

3.3 Employee benefits (Continued)

Restricted Share Award Scheme

The Group also grants shares of the Company to employees under its restricted share award scheme, under which the awarded shares are either newly issued or are purchased from the open market. The cost of share purchased from the open market is recognized in equity as treasury share. The fair value of the employee services received in exchange for the grant of shares under the scheme is recognized as employee benefits expenses in the statement of comprehensive income with a corresponding increase in employee share-based compensation reserve under equity. The fair value of the awarded shares is measured by the quoted market price of the shares at grant date and is charged to the statement of comprehensive income over the respective vesting period. During the vesting period, the number of awarded shares that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognized in prior years is charged or credited in the statement of comprehensive income for the year of the review, unless the original staff costs qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognized as staff costs is adjusted to reflect the actual number of awarded shares that vest (with a corresponding adjustment to the employee share-based compensation reserve) and the cost of awarded shares recognized in equity as treasury share is transferred to the employee share-based compensation reserve.

3.4 Shares held for employee share scheme

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Company Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

3.5 Custodian fee for investments in debt securities

Custodian fee for investments in debt securities is expensed on a time proportion basis over the custody service period.

3.6 Changes in accounting policies

This note explains the impact of the application of IFRS 16 Leases on the Group's financial statements.

The Group has applied IFRS 16 simplified approach from January 1, 2019 as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening statement of financial position on January 1, 2019.

On application of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.25%.

3 Significant Accounting Policies (Continued)

3.6 Changes in accounting policies (Continued)

3.6.1 Adjustments recognized on application of IFRS 16

	US$'000
Operating lease commitments disclosed as at December 31, 2018	339
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(22)
Add: Adjustments as a result of a different treatment of extension options	287
(Less): short-term leases recognized on a straight-line basis as expense	(90)
Lease liabilities recognized as at January 1, 2019	514
Non-current portion	319
Current portion	195
Lease liabilities recognized as at January 1, 2019	514

The associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

	As at June 30, 2019 US$'000	As at January 1, 2019 US$'000
Building Lease	**344**	459
Motor vehicles	**43**	55
Total right-of-use assets	**387**	514

3 Significant Accounting Policies (Continued)

3.6 Changes in accounting policies (Continued)

3.6.1 Adjustments recognized on application of IFRS 16 (Continued)

The change in accounting policy affected the following items in the statement of financial position on January 1, 2019:

- Increase in right-of-use-assets by US$514,000
- Increase in lease liabilities by US$514,000

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group's leasing activities and how these are accounted for:

Until the 2018 financial year, leases of property, plant and equipment were classified as leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3 Significant Accounting Policies (Continued)

3.6 Changes in accounting policies (Continued)

3.6.1 Adjustments recognized on application of IFRS 16 (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

4 Fair value measurement of financial instruments

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value at June 30, 2019 on a recurring basis:

	Level 3 US$'000
Financial assets as at June 30, 2019	
Financial assets at fair value through other comprehensive income ("FVOCI")	55,000

4.1 Fair value hierarchy

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at June 30, 2019.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted debt securities.

5 Segment Information

The chief operating decision maker 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 considers 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 June 30, 2019, the majority of non-current assets were located in USA. As at December 31, 2018, the 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 six months period ended June 30, 2019 and 2018.

6 Revenues

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Credentialing service	**17,312**	15,443
Add-on services	**512**	1,088
	17,824	16,531

Disaggregation of revenue from contracts with customers

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
— Over time	**17,534**	16,309
— At a point in time	**290**	222
	17,824	16,531

7 Expenses by nature

	Six months ended June 30, **2019** US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Employee benefits expenses and director's emoluments	**7,325**	5,772
Listing expenses	**4,241**	1,521
Research and development professional service fees	**2,312**	2,486
Promotion and advertisement expenses	**940**	535
Maintenance	**762**	623
Management service fee (Note 29)	**—**	939
Others	**3,703**	3,336
	19,283	15,212

8 Other gains, net

	Six months ended June 30, **2019** US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Foreign exchange gain	**88**	157
Loss on disposal of property, plant and equipment	**(8)**	—
Others	**(5)**	(5)
	75	152

9 Finance costs

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Interest expenses on bank borrowings	**813**	332
Bank charges on bank borrowings	**658**	65
Interest expenses on lease liabilities	**12**	—
	1,483	397

10 Finance income

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Interest income from bank deposits	**314**	307
Interest income from amounts due from related parties	**—**	85
	314	392

11 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% for the six months ended June 30, 2019 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 25% and 27% for the six months ended June 30, 2019 and 2018 respectively. In addition, upon payment of dividends by these companies to their shareholders, withholding tax of 5% will be imposed.

11 Income tax expense (Continued)

(iii) USA CIT (Continued)

The amount of income tax expense charged to the interim condensed consolidated statement of comprehensive income represents:

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current income tax	**883**	525
Under-provision	**(16)**	124
Deferred income tax	**320**	322
Income tax expense	**1,187**	971

12 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Six months ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
The Group's (loss)/profit attributable to owners of the Company (US$'000)	**(3,771)**	495
Weighted average number of shares in issue ('000)	**413,342**	351,447
Basic (loss)/earnings per share (US$ per share)	**(0.009)**	0.001

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period (excluding the ordinary shares purchased by the Company under the Restricted Share Award Scheme (Note 26)) to assume conversion of all dilutive potential ordinary shares. The Group has no dilutive potential ordinary shares during the six months ended June 30, 2018 and accordingly the diluted earnings per share equals basic earnings per share. For the six months ended June 30, 2019, the potential ordinary shares arising from share options were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2019 is same as basic loss per share.

13 Dividends

No dividend has been paid or declared by the Company for the six months ended June 30, 2019 and for the year ended December 31, 2018.

14 Property, Plant and Equipment

	Computer equipment US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Other equipment US$'000	Total US$'000
At December 31, 2018					
Cost	330	595	179	—	1,104
Accumulated depreciation	(301)	(544)	(178)	—	(1,023)
Net book amount (Audited)	29	51	1	—	81
Period ended June 30, 2019					
Opening net book amount	29	51	1	—	81
Additions	3	—	—	26	29
Disposal	—	(8)	—	—	(8)
Depreciation expense	(10)	(8)	(1)	—	(19)
Exchange translation difference	—	1	—	—	1
Closing net book amount (Unaudited)	22	36	—	26	84
At June 30, 2019					
Cost	**333**	**588**	**179**	**26**	**1,126**
Accumulated depreciation	**(311)**	**(552)**	**(179)**	**—**	**(1,042)**
Net book amount (Unaudited)	**22**	**36**	**—**	**26**	**84**

Depreciation expense of Nil (2018: US$2,000) has been charged in "selling and marketing expenses", US$12,000 (2018: US$25,000) has been charged in "general and administrative expenses" and US$7,000 (2018: US$4,000) has been charged in "research and development expenses" for the six months ended June 30, 2019.

15 Right-of-use assets and lease liabilities

The Group leases various offices and motor vehicles. Rental contracts are typically made for fixed periods of 1 to 2 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Short-term leases of offices are the leases with lease terms of 12 months or less. During the six months ended June 30, 2019, payments of lease commitments for short-term leases amounted to US$307,000.

(i) The carrying amount of right-of-use assets and the depreciation charge are as follows:

	As at June 30, 2019 Carrying amount US$'000 (Unaudited)	**Six months ended June 30, 2019 Depreciation charge** US$'000 (Unaudited)
Right-of-use assets		
Building Lease	344	114
Motor vehicles	43	12
	387	126

(ii) The information on income and expense accounts relating to lease contracts is as follows:

	Six months ended June 30, 2019 US$'000
Items affecting profit or loss:	
Interest expense on lease liabilities (Note 9)	12
Expense on short-term lease contracts (Note 7)	214

(iii) For the years ended June 30, 2019 the Group's total cash outflow for leases were US$318,000.

15 Right-of-use assets and lease liabilities (Continued)

(iv) The carrying amount of lease liabilities are as follows:

	As at June 30, 2019 US$'000 (Unaudited)
Lease liabilities	
Current	253
Non-current	165
	418

16 Intangible Assets

	Goodwill US$'000	Software US$'000	Customer relationship US$'000	Technology platform US$'000	Others US$'000	Total US$'000
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 (Audited)	11,182	1	3,325	2,648	—	17,156
Period ended June 30, 2019						
Opening net book amount	11,182	1	3,325	2,648	—	17,156
Additions	344	—	—	755	—	1,099
Amortization charge	—	—	(151)	—	—	(151)
Exchange translation difference	(2)	(1)	2	(10)	—	(11)
Closing net book amount (Unaudited)	11,524	—	3,176	3,393	—	18,093
At June 30, 2019						
Cost	**12,600**	**2,625**	**5,764**	**3,393**	**1,252**	**25,634**
Accumulated amortization and impairment	**(1,076)**	**(2,625)**	**(2,588)**	**—**	**(1,252)**	**(7,541)**
Net book amount (Unaudited)	**11,524**	**—**	**3,176**	**3,393**	**—**	**18,093**

16 Intangible Assets (Continued)

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

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
USA operation	**8,460**	8,460
UK operation	**3,064**	2,722
	11,524	11,182

Amortization expense of US$151,000 (2018: US$137,000) has been charged in "general and administrative expenses" and Nil (2018: US$5,000) has been charged in "research and development expenses" for the six months ended June 30, 2019.

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 equivalent to US$3,232,000) according to the share purchase agreement. As a result, the Group recognized goodwill of GBP2,150,828 (approximately equivalent to US$2,871,000) and customer relationships of GBP257,000 (approximately equivalent to US$343,000) as at December 31, 2018.

As of June 30, 2019, a goodwill of GBP265,760 approximately equivalent to US$344,000 represents the payment of the deferred contingent consideration of GBP300,000 arising from the acquisition of WAY net of certain price adjustments as set out in the share purchase agreement.

As of June 30, 2019, the directors consider that there are no impairment indicators against goodwill. Accordingly, no impairment provision is required as of June 30, 2019

17 Deposits, Prepayments and Other Receivables

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Non-current:		
Deposits and prepayments	**307**	18
Prepaid custodian fee	**619**	—
	926	18
Current:		
Other receivables	**74**	147
Prepaid custodian fee	**825**	—
Prepaid expenses	**1,202**	1,025
Deferred listing expenses	**—**	1,240
	2,101	2,412

The directors of the Company considered that the carrying amounts of deposits and other receivables approximated to their respective fair values as at June 30, 2019 and December 31, 2018.

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

18 Interests in a joint venture

	As at June 30, 2019 US$'000 (Unaudited)
A joint venture	
Beijing Sciencare Technology Co., Ltd.	250

18 Interests in a joint venture (Continued)

	Six months ended June 30, 2019 US$'000
Addition	300
Loss for the period	(50)
End of the period	250

In February 2019, the Group contributed US$0.3 million to a joint venture of the Group, Beijing Sciencare Technology Co., Ltd. It is a company incorporated in the PRC with limited liability. The joint venture is 60.0% owned by Mr. Li Zheng and 40.0% owned by IntelliCentrics Zengine (Hong Kong) Company Limited, a subsidiary of the Group. For details of the capital commitment, please refer to Note 28(b).

19 Restricted Cash

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Restricted cash — Non-current	—	15,050
Restricted cash — Current	**15,400**	6,450
	15,400	21,500

As at June 30, 2019 and December 31, 2018, the bank deposits of US$15,400,000 and US$21,500,000 respectively were restricted deposits held as security for certain banking borrowings of the Group as disclosed in Note 21.

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

20 Financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise the following investments in promissory notes:

	Six months ended June 30, 2019 US$'000 (Unaudited)
Promissory notes	
Additions	83,000
Reductions	(28,000)
Fair value gains transferred to other comprehensive income	—
Ending balance	55,000

At June 30, 2019, the Group's financial assets at FVOCI represent the outstanding principal amount of the promissory notes as described below.

On March 27, 2019, the Group invested in promissory notes with an aggregate principal amount of US$55 million issued by private enterprises, by utilizing the proceeds raised from the IPO that are not immediately in use for the use of proceeds purposes set forth in the Prospectus. In May 2019, the Group redeemed a portion of these promissory notes at par of US$28 million and utilized the proceeds to invest in another two promissory notes issued by private enterprises.

The promissory notes are denominated in US$ and carry an interest rate of 4.5% per annum. The promissory notes are redeemable on request by delivery of a three-day redemption notice by the noteholder to the issuer. The Group intends to exercise its right to request redemption within 12 months from the purchase date and accordingly, classifies the promissory notes as current assets.

At June 30, 2019, these promissory notes were stated at their fair value of US$55 million based on the par value because the Group considered the par value approximates the fair value of the promissory notes based on the fair value as at June 30, 2019 set forth in the valuation reports issued by an independent third party valuer.

21 Borrowings

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
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	**31,500**	—
	31,500	—
Add: Current portion of long-term bank borrowings		
— secured	—	12,731
	—	12,731
	31,500	42,421

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

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Within 1 year	**31,500**	12,731
Between 1 and 5 years	—	29,690
	31,500	42,421

21 Borrowings (Continued)

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

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
6 months or less	**31,500**	42,421

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

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Interest rates	**3.90%–4.54%**	3.30%–4.45%

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

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

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 June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
0–30 days	**40**	56

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

23 Other payables and Accruals

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Salaries and bonuses payable	**1,300**	956
Listing expense payable	**—**	1,127
Professional service fee payable	**692**	556
Other tax payable	**200**	191
Others	**1,041**	932
	3,233	3,762

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 recognized the following revenue-related contract liabilities:

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Contract liabilities	**18,119**	17,258

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as at June 30, 2019 and December 31, 2018, and the portion to be recognized over the next twelve months will be classified as current liabilities in the interim condensed consolidated statement of financial position.

24 Contract Liabilities (Continued)

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

	Six months ended June 30, 2019 US$'000 (Unaudited)	Year ended December 31, 2018 US$'000 (Audited)
Revenue recognized that was included in the contract liabilities balance at the beginning of the period/year	**12,109**	15,807

All contract liabilities are amortized within one year.

25 Share Capital and Share Premium

	Number of ordinary shares (in thousand)	**Share capital** US$'000	**Share premium** US$'000	**Total** US$'000
As at December 31, 2018 (Audited)	368,571	37	20,836	20,873
Issuance of ordinary shares	88,541	9	60,569	60,578
Transaction costs attributed to the listing	—	—	(4,476)	(4,476)
As at June 30, 2019 (Unaudited)	457,112	46	76,929	76,975

On March 27, 2019, as part of the Initial Public Offering, 80,900,000 ordinary shares were issued and allotted at HK$5.35 each, raising gross proceeds of US$55,350,000.

On April 25, 2019, 7,641,500 ordinary shares were issued and allotted upon exercise of Over-Allotment Option at HK $5.35 each, raising gross proceeds of US$5,228,000.

26 Other equity

	Number of ordinary shares (in thousand)	As at June 30, 2019 US$'000 (Unaudited)
Acquisition of shares by Employee share Trust	3,879	3,503

On April 26, 2019, the Company's Board of Directors adopted a Restricted Share Award Scheme ("the Scheme"). On May 16, 2019, a trust deed has been executed to constitute the trust in relation to the Scheme for the purpose of the Company's grant of award shares to selected participants from time to time pursuant to the scheme rules. The objectives of the Scheme is to recognize the contributions by the selected participants, to give them incentives to achieve performance goals, and to attract suitable personnel for further development of the Group. The Scheme shall be subject to the administration of the Company's Administration Committee and the trustee in accordance with the Scheme Rules and the trust deed. The trustee shall hold the trust fund in accordance with the terms of the trust deed.

No shares shall be purchased pursuant to the Scheme if as a result of such purchase, the number of Shares administered under the Scheme shall exceed 22,855,607 Shares, being 5% of the issued share capital of the Company at the date of the Board's approval of the Scheme, or such other limit as determined by the Administration Committee at its sole discretion subject always to compliance with the Listing Rules. The maximum number of award shares which may be granted to a selected participant at any one time or in aggregate may not exceed 4,571,121 shares, being 1% of the issued share capital of the Company at the same date.

The Group purchased 631,000 shares at HK$6.20 per share, 569,000 shares at HK$6.87 per share, and 2,679,000 shares at HK$7.30 per share on June 5, June 6 and June 12, 2019, respectively, totalling HK$27,475,000 (approximately equivalent to US$3,503,000).

As of the date of this report, no share options have been granted under the Scheme.

27 Other reserves

	Capital reserve US$'000	Share option reserve US$'000	Foreign currency translation reserve US$'000	Total US$'000
As at January 1, 2019 (Audited)	(61,630)	—	(630)	(62,260)
Share based payment (Note (a), (b) and (c))	—	184	—	184
Currency translation differences	—	—	(89)	(89)
As at June 30, 2019 (Unaudited)	(61,630)	184	(719)	(62,165)

27 Other reserves (Continued)

Note:

(a) On February 18, 2019, the Company's executed shares option plans to grant 11,535,000 shares with the exercise price of US$0.875 per share according to the Company's Board of Directors' resolution. The share option period shall be 6 years from the date of grant and the share option shall lapse at the end of the share option period. 20% of the options shall vest on the first to fifth anniversary dates of the date of grant each year. Share options vested are exercisable upon the company's listing on Main Board of the Stock Exchange on 27 March 2019. During the six months ended June 30, 2019, 1,057,000 shares options were forfeited due to resignation of staff. The share-based payment expense incurred for the plan for the six months ended June 30, 2019 was US$ 184,000.

(b) Movements in the number of share options outstanding are as follows:

	No. of share options
At January 1, 2019	
Option granted on February 18, 2019	11,535,000
Options forfeited	(1,075,000)
Options outstanding at June 30, 2019	10,460,000
Options exercisable at June 30, 2018	—

(c) The expiry dates and subscription prices of the share options outstanding as at June 30, 2019 are set out as and follows:

Expiry dates	**Subscription price per Share**	**No. of share options outstanding as at June 30,2019**
2019 Share Option Scheme		
February 18, 2025	US$ 0.875	10,460,000
Weighted average remaining contractual life of options outstanding at end of period		5.65 years

The weighted average fair value of share options granted during the period was determined using the modified Black-Scholes (B-S) Model, prepared by China Credited Information Service, Ltd., was US$0.875 per option. The significant inputs into the model were share price of HK$5.35 (approximately equivalent to US$0.763) at the initial public date, subscription price of US$0.875, volatility from 30.25% to 30.55%, projected dividend yields of 2.33%, and an expected option life of around 5.5 years and annual risk-free interest rates from 2.5046% to 2.5458%. The volatility measured by tracing the histories of stock price volatility of comparable companies during comparable period.

28 Commitments

(a) Lease commitments

On June 28, 2019, IntelliCentrics Inc., a wholly-owned subsidiary of the Group, had entered into an Office Lease Agreement (the "Lease") with lease terms of 90 months. The leased premise is currently under construction and the estimated completion date is in September 2020. The future cash outflows under the Lease which is potentially exposed are not reflected in the measurement of lease liabilities is approximately US$7.9 million.

(b) Capital commitment

Contracted but not provided for

On May 16, 2018, the Group contracted to inject an initial capital contribution to a joint-venture, Beijing Sciencare Technology Co., Ltd. in PRC of US$1.0 million with reference to the underlying shareholders agreement. In February 2019, the Group contributed US$0.3 million to this joint-venture, and US$0.7 million remained contracted but not provided for as of June 30, 2019.

29 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 six months ended June 30, 2019 and 2018, and for the year ended December 31, 2018.

Names of the related parties	Nature of relationship
VTC Electronics Corp. ("VTC")	Controlled by the same controlling shareholder
ICTW Corp. ("ICTW")	Controlled by the same controlling shareholder
Security Manufacturing Ltd.	Controlled by the same controlling shareholder

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

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Total management service fee	—	939

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

The receipts of management services has ceased since May 2018.

(b) Interest income

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Entities controlled by the same controlling shareholder	—	85

29 Related Parties Transactions (Continued)

(c) Rental expenses

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Rental expenses of office premises	**135**	46

(d) Balances with related party

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Amounts due to a related party		
Entities controlled by the same controlling shareholder	**142**	24

Amounts due to related party is non-trade in nature, unsecured, interest free, repayable on demand and denominated in US$.

(e) 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, was as follows:

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Wages, salaries and bonuses	**1,610**	1,173
Pension cost — defined contribution plans	**20**	15
	1,630	1,188

30 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 interim condensed consolidated financial information, the lawsuit is ongoing. By considering the facts from the management team, 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 June 30, 2019, the Group did not have other material contingent liabilities.

31 Events After the Reporting Period

On August 19, 2019, the Company redeemed US$4.4 million of the promissory notes that were classified as financial assets at fair value through other comprehensive income, with the interest of US$88,000 from the holding period to the original maturity.

On August 20, 2019, the Group acquired the overseas listed equity securities, AerKomm Inc., of 118,000 shares amounted to US$5 million as a strategic investment. AerKomm Inc. is a service provider of in-flight connectivity and entertainment solutions for airline passengers, and is listed on the Nasdaq OTCQX market and Euronext Paris.

DEFINITIONS

"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, 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;
"ESOP"	the share option plan adopted by the Board on August 7, 2018;
"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;
"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;
"LoC(s)"	location(s) 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;
"Over-Allotment Option"	has the meaning as defined 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;
"Registered LoCs"	LoC that has registered on our platform and has not cancelled its registration;
"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;
"RSA Scheme"	the restricted share award scheme approved and adopted by the Company on April 26, 2019;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Share(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;
"YoY"	year-on-year; and
"%"	Percent.

In this interim 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.