IntelliCentrics

IntelliCentrics Global Holdings Ltd.
中智全球控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6819

ANNUAL REPORT 2019/20

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. Leo Hermacinski *(appointed on January 23, 2020)*
Mr. Sean Fang *(resigned on January 23, 2020)*

Independent Non-executive Directors:

Mr. Hsieh Yu Tien *(appointed on January 23, 2020)*
Ms. Huang Yi-Fen *(appointed on January 23, 2020)*
Mr. Wong Man Chung Francis *(appointed on January 23, 2020)*
Mr. Chan Kwok Wai *(resigned on January 23, 2020)*
Mr. Lo Chiang *(resigned on January 23, 2020)*
Mr. Shen Haipeng *(resigned on January 23, 2020)*

AUDIT COMMITTEE

Mr. Wong Man Chung Francis *(Chairman)*
Ms. Huang Yi-Fen
Mr. Leo Hermacinski

REMUNERATION COMMITTEE

Mr. Hsieh Yu Tien *(Chairman)*
Mr. Lin Kuo-Chang
Mr. Wong Man Chung Francis

NOMINATION COMMITTEE

Mr. Lin Tzung-Liang *(Chairman)*
Mr. Hsieh Yu Tien
Ms. Huang Yi-Fen

ADMINISTRATION COMMITTEE

Mr. Michael James Sheehan
Mr. Wong Man Chung Francis

AUTHORISED REPRESENTATIVES

Mr. Michael James Sheehan
Mr. Hung Kuo Yuan

JOINT COMPANY SECRETARIES

Mr. Hung Kuo Yuan
Ms. Leung Shui Bing

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

GLOBAL HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE U.S.

1420 Lakeside Parkway
Suite 110
Flower Mound
Texas 75028-4035
United States of America

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
Suite 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

KPMG, LLP
Public Interest Entity Auditor recognised in accordance with the Financial Reporting Council Ordinance
345 Park Avenue
New York
United States of America

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

EnTie Commercial Bank
8F No. 337 Fusin N. Rd
Taipei City 10544
Taiwan R.O.C.

Shanghai Commercial and Savings
3F No. 69 Minquan W. Rd
Zhongshan District
Taipei City 10491
Taiwan R.O.C.

STOCK CODE

6819

COMPANY WEBSITE

www.intellicentrics-global.com

Safe Harbour Disclaimer

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual report may be viewed as forward-looking statements. Forward-looking statements are based on the management's beliefs and assumptions using currently available information about the business, industries, technology, and regions of operations. These statements are only predictions and are not guarantees of future performance, actions, or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialise, or if the management's underlying assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. No undue reliance should be placed on these forward-looking statements by investors or shareholders. The Group expressly disclaims any obligation to update any forward-looking statements.

NON-IFRS MEASURES

The Company has presented certain non-IFRS measures in the annual report to provide additional information that management believes is useful to the reader in gaining a more complete understanding of the operational performance and of the trends. Non-IFRS measures may not be comparable to similarly named measures used by other companies. They do not replace and should not be considered comparable to IFRS measures. Non-IFRS measures are not a substitute for a user's calculation and analysis of the financial results as reported under IFRS in this annual report.

CHAIRMAN AND CEO'S Statement

Dear Shareholders,

On behalf of the IntelliCentrics employees around the world, we extend our deepest gratitude to the global healthcare industry and to each of the individuals who have risked and sacrificed so much for their bravery displayed on the front line in the fight against COVID-19. From the onset of the pandemic, IntelliCentrics was deemed an essential service, making us a witness to the heroics performed by doctors, nurses, vendors and administrative staff across our 11,000+ locations of care spanning North America, the UK and most recently, China. Looking back from the vantage point of today, we are encouraged by how such a large complex industry came together to defeat our common enemy and we continue to be humbled by the role IntelliCentrics played. Looking forward, we are excited by healthcare's renewed appetite for advanced technologies; we're constantly inspired by IntelliCentrics' leadership in the transformation of global healthcare.

This past year, our innovations directly contributed to the safe and secure reopening of healthcare. We accomplished this by communicating healthcare policy changes to our community of nearly one million registered users, ensuring everyone knew their role in creating a trusted healthcare environment. More than just a communication tool, our technology obtains agreement between all unique visitor types and the specific location of care they intended to visit. While the pandemic did cause a decline in total subscribers between March and June, during the same period we saw our location of care administrator's activity grow 316%. The increase in location administration activity is a testament to the value we provide our community and a clear indication of how our technology is being used to establish new rules for trusted interactions. Equally important is our platform's ability to reveal emerging trends in near real time, with the most recent shift being the rapid adoption of online and virtual meetings. Whether the trends are large or small, healthcare industry is driven to deliver the same high standards online as on premises with trusted interactions being the core driver.

The pandemic created the opportunity for us to accelerate our "trust as a technology" strategy, investing 40.1% of our revenue this past year in technology, which is a 6.1% increase over last year. The results are 167 new innovations and two transformational technologies: "Link & Go!" and "BioBytes™". Deeply rooted in trust, each breakthrough serves a different market segment, concurrently they expand our trusted online community in new and interesting ways.

Link & Go! eliminates virtually all financial risk from non-reimbursement of care caused by improper credentialing. By integrating, for the first time ever, the manual process of scheduling medical staff with the manual credentialing and privileging process in a single, automated technology solution, Link & Go! provides locations of care with the intelligence to know who can be trusted presently and at the time of care. Link & Go! works equally well for all location types such as acute care, long term care, clinics, and private practices. In the United Kingdom, the power of Link & Go! is being used by the Bridgewater Trust to establish trusted interactions between care providers and patients who receive care in their homes.

Our tele-care solution, BioBytes™ shows similar promise in its ability to advance global healthcare. Subsequent to the reporting period of this annual report, Sciencare, our exclusive joint venture partner for the China market, signed an agreement with the city of Langfang, with a population of 4.5 million and located near Beijing, authorising the universal distribution of BioBytes™ technology throughout their city. Under this agreement, BioBytes™ will stream medical data from trusted devices to trusted doctors allowing the trusted doctors to remotely monitor their patients, scheduling care based on the unique needs and situation of each patient all on a single, end-to-end integrated technology platform. Everyone from payers to patients will benefit from BioBytes™ ability to expand access to high quality healthcare scaling the capabilities of medical professionals everywhere. Moreover, as IntelliCentrics is the sole owner and developer of BioBytes™, we retain full rights for the global distribution of this exciting technology.

We believe our mission ***to use trust to make high quality healthcare as accessible as a good cup of coffee*** is more relevant than ever. We remain passionate in our quest to connect over 2 billion healthcare consumers with access to trusted, high quality care. While we have always been proud of IntelliCentrics employees, our accomplishments during such a challenging year will hold a special place among the greatest of all time.

In your trust,

IntelliCentrics Global Holdings Ltd.

Lin Tzung-Liang	**Michael James Sheehan**
Co-Founder, Chairman, and Executive Director	*Co-Founder and Chief Executive Officer*

October 20, 2020

BUSINESS OVERVIEW AND OUTLOOK

During the 18 months ended June 30, 2020, the majority of the Group's revenue was generated by our annual subscriptions for medical credentialing. BioBytes™, our new telecare solution that connects patient information to a trusted medical provider, was successfully contracted by the city of Langfang, through our joint venture, Sciencare, in September 2020. Our business strategy continues to focus on providing extreme value to the LoCs that use our technology.

As of June 30, 2020, we had 11,229 Registered LoCs, which is a 5.2% increase as compared to December 31, 2018. As of June 30, 2020, we had 121,451 total subscribers supporting the medical industry, a 0.8% decrease compared to December 31, 2018. The decrease was generated during the last four months of the financial year and is attributable to the pandemic's temporary delay of non-life-threatening patient procedures. Our credentialed medical vendors are essential to these services as LoCs reopening and patients are receptive to performing these critical procedures.

During the 18 months ended June 30, 2020, our revenue grew to US$54.6 million compared to US$34.0 million for the 12 months ended December 31, 2018. During the same period, gross profit increased to US$51.1 million from US$31.9 million, net profit was US$2.2 million compared to US$3.0 million for the 12 months ended December 31, 2018. The profit of the financial year ended June 30, 2020 includes one-time expenses of US$5.9 million for the IPO related expenses.

Our non-capitalised R&D expenses increased by US$5.8 million to US$14.6 million compared to US$8.8 million for the 12 months ended December 31, 2018. Total R&D expenditures, capital, and non-capital, for the 18-month period ended June 30, 2020, was US$21.9 million, representing an increase of US$10.1 million compared to the 12-month period ended December 31, 2018 of US$10.4 million. During this period, the Company released to the market SEC^{3}URE Go! eBadge technology: SEC^{3}URE Link scheduling; program and client tested BioBytes™; and completed 167 enhancements to the platform.

OUTLOOK

Healthcare's post-pandemic requirements have created a market demand that is best delivered through adopting new and modern technologies. We believe our unique value proposition of connecting the supply and demand sides of care on a single, extensible, trusted, end-to-end technology platform is one of the most efficient cost-effective solutions available in the market today. Our solutions work across virtually all geographical locations and perform as well on premises as they do online. As a result, we expect our growth will come from three key areas which are:

(a) **Expansion into all types of LoC on the platform including the home healthcare market.** China has shown the fastest adoption of new healthcare technologies and is expected to continue as the world's leader in this regard. Subsequent to the 18 months ending June 30, 2020, IntelliCentrics' joint venture, Sciencare, was awarded a contract by the city of Langfang (population of approximately 4.5 million). Through this contract, Sciencare will deliver IntelliCentrics' full end-to-end technology solution. The solution consists of collecting patient's health data remotely, transferring the information to their medical professions who monitor the information. The system has the added innovation of integrated scheduling by either the patients or doctors. The result is a real-time, one-stop solution for patients, medical providers, and the LoCs for collecting, monitoring, and scheduling.

(b) **Growth of the community and technology of the platform.** We use our attractive, extensible, open technology platform to extend our markets and capabilities through strategic alliances and innovative partnerships. As one of the open solutions that welcome all trusted people, places and devices, our multinational platform provides markets and sales channels to partners. Each time when we attract a new alliance and partnership, the value of the platform grows exponentially for everyone in our healthcare community.

(c) **Regional Leadership for geographic expansion.** Dedicated commercial leadership in each region we serve creates closer relationships with customers. These close relationships will improve our market sensing capabilities, further enhancing our ability to anticipate new and leading market trends. Moreover, these regional executives will lead the Company's geographic expansion efforts, operating verticals, partnerships, and humanitarian efforts.

FINANCIAL REVIEW

Results of Operations

As announced on December 31, 2019, the Company changed its financial year end from December 31 to June 30. This annual report is reporting results of operations for the 18-month period from January 1, 2019 to June 30, 2020 as compared to the 12-month period from January 1, 2018 to December 31, 2018.

The following table sets forth certain income and expense items from our consolidated statements of profit or loss for the periods indicated:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Revenue	54,648	34,037
Cost of revenue	(3,551)	(2,089)
Gross profit	51,097	31,948
Selling and marketing expenses	(8,914)	(4,331)
General and administrative expenses	(24,213)	(12,839)
R&D expenses	(14,558)	(8,839)
Other (losses)/gains, net	(92)	107
Operating profit	3,320	6,046
Finance costs	(3,682)	(1,281)
Finance income	3,245	856
Other non-operating income	1,715	—
Share of loss of a joint venture, net of tax	(300)	—
Profit before income tax	4,298	5,621
Income tax expense	(2,062)	(2,572)
Profit for the period	2,236	3,049
Non-IFRS Financial Measures		
Adjusted — Earnings before interest, taxes, depreciation, and amortisation	7,211	6,365

Revenue

Our revenue increased to US$54.6 million for the 18 months ended June 30, 2020 from US$34.0 million for the 12 months ended December 31, 2018. This variance is primarily attributable to (i) the additional 6 months during the current accounting period; (ii) our ability to increase the annual subscription fees in the U.S. by supporting additional value including the recent market introduction of SEC^{3}URE Go!; and (iii) the institution of a reinstatement fee to encourage on-time renewals.

In the 18 months ended June 30, 2020, substantially all our revenue was generated in the United States, with approximately 2.0% of our total revenue generated in the United Kingdom and Canada.

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

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	$ Change US$'000	% Change
Vendor and medical credentialing[1]	**53,417**	32,265	21,152	65.6
Add-on services[2] [3] [4]	**1,231**	1,772	(541)	(30.5)
Total	**54,648**	34,037	20,611	60.6

Notes:

(1) Primarily revenue from subscription of the annual membership of our vendor and medical credentialing solutions.

(2) We changed our membership system and ceased offering online training as an add-on service beginning January 1, 2018. It was integrated as a part of the annual membership package to all paying subscribers. The revenue recognised as online training in 2018 represented the fees received in 2017 for subscription of online training but recognised as contract liabilities.

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

(4) We modified our revenue policy for immunisations and vaccinations (including drug and antibody testing) in June 2020, to begin recording revenue for these sales as an agent, net of costs.

Revenue from credentialing services amounted to US$53.4 million for the 18 months ended June 30, 2020, representing a 65.6% increase, and accounted for 97.7% of our total revenue (December 31, 2018: US$32.3 million). This increase was primarily attributable to 6 additional months of activity during the current accounting period.

Revenue from add-on services decreased to US$1.2 million for the 18 months ended June 30, 2020 (December 31, 2018: US$1.8 million). The decrease was primarily due to the bundling of online training into our annual membership package effective January 1, 2018, which was previously a separate subscription. Due to our renewal cycle, such bundling had a deferred effect on our revenue and thus part of our 2018 revenue still reflected the pre-bundling fee structure entered into prior to January 1, 2018.

The following table sets out the timing of revenue recognition:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	$ Change US$'000	% Change
Timing of Revenue Recognition				
— Over time	**54,048**	33,562	20,486	61.0
— At a point in time	**600**	475	125	26.3
Total	**54,648**	34,037	20,611	60.6

Cost of Revenue

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	$ Change US$'000	% Change
Employee expenses	**612**	426	186	43.7
Payment processing fees	**1,500**	976	524	53.7
Others(1)	**1,439**	687	752	109.5
Total(2)	**3,551**	2,089	1,462	70.0

Notes:

(1) Representing fees paid to third party service providers in support of credentialing and add-on services, including eBadge related costs.

(2) Our total cost of revenues amounted to US$3.6 million for the 18 months ended June 30, 2020, representing an increase of US$1.5 million and accounted for 6.5% of our total revenue compared to 6.1% for the 12 months ended December 31, 2018. The increase in percentage of revenue is primarily related to costs associated with the eBadge element of our SEC^{3}URE Go! service launched on January 1, 2020 and incorporated into our bundled credentialing solution.

Gross Profit and Gross Profit Margin

Our gross profit for the 18 months ended June 30, 2020 increased to US$51.1 million from US$31.9 million for the 12 months ended December 31, 2018. This was mainly in line with the growth of revenue and the additional 6-month period. Our gross profit margin for the 18 months ended June 30, 2020 remained stable at 93.5% compared to 93.9% for the 12 months ended December 31, 2018.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing (commercial) expenses by nature of the expenses for the periods indicated:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	$ Change US$'000	% Change
Employee expenses	**6,130**	2,623	3,507	133.7
Promotion and advertisement expenses	**2,048**	1,178	870	73.9
Others[1]	**736**	530	206	38.9
Total[2]	**8,914**	4,331	4,583	105.8

Notes:

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

(2) Our selling and marketing expenses increased to US$8.9 million for the 18 months ended June 30, 2020 from US$4.3 million for the 12 months ended December 31, 2018. This increase was primarily attributable to (i) the additional 6 months during the current accounting period and (ii) the hiring of new sales and marketing employees and the promotion of our advertisement activities. The increased expenses were to strengthen our sales and marketing force so as to promote our medical credentialing solution, improve penetration of existing markets and service solutions, and promote brand awareness in new markets and service line areas.

General and Administrative Expenses

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

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	$ Change US$'000	% Change
Employee expenses	**10,530**	3,899	6,631	170.1
Management service fees	**—**	939	(939)	(100.0)
Listing expenses	**4,189**	3,923	266	6.8
Rent charges	**1,235**	509	726	142.6
Others(1) (2)	**8,259**	3,569	4,690	131.4
Total	**24,213**	12,839	11,374	88.6

Notes:

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

(2) Including audit remuneration of US$0.4 million for the 18 months ended June 30, 2020, and US$0.2 million for the 12 months ended December 31, 2018.

Our general and administrative expenses increased to US$24.2 million for the 18 months ended June 30, 2020 from US$12.8 million for the 12 months ended December 31, 2018. This increase was primarily attributable to (i) the additional 6 months during the current accounting period and (ii) increases in audit, legal and other professional fees, onboarding new general and administrative employees, certain fees paid to professional service providers in connection with the Company's IPO, and management bonuses.

R&D Expenses

The following table sets forth a breakdown of our R&D expenses by nature of the expenses for the periods indicated:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	$ Change US$'000	% Change
Employee expenses	**6,725**	4,153	2,572	61.9
Professional service fees	**3,108**	3,304	(196)	(5.9)
Amortisation	**1,722**	5	1,717	34,340.0
Others[1]	**3,003**	1,377	1,626	118.1
Total	**14,558**	8,839	5,719	64.7

Note:

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

Our R&D expenses increased to US$14.6 million for the 18 months ended June 30, 2020 from US$8.8 million for the 12 months ended December 31, 2018. This increase was primarily attributable to (i) the additional 6 months during the current accounting period and (ii) the increase in R&D spending on the release of SEC^{3}URE Go!, SEC^{3}URE Link, visitor management, and BioBytes™, our telehealth technology solution.

Other (Losses)/Gains, Net

We had other losses, net of US$0.1 million for the 18 months ended June 30, 2020, compared to other gains, net of US$0.1 million for the 12 months ended December 31, 2018, primarily due to foreign exchange gain and losses.

Finance Costs

Our finance costs increased to US$3.7 million for the 18 months ended June 30, 2020, from US$1.3 million for the 12 months ended December 31, 2018, primarily due to bank charges on financing activities, asset management fees related to the Company's investment in redeemable promissory notes, and 6 additional months of activity during the current accounting period.

Finance Income

Our finance income increased to US$3.2 million for the 18 months ended June 30, 2020, from US$0.9 million for the 12 months ended December 31, 2018, primarily due to interest income on redeemable promissory notes.

Other Non-operating Income

Our non-operating income of US$1.7 million for the 18 months ended June 30, 2020 (December 31, 2018: nil) is attributable to the Company's participation in the Paycheck Protection Program. In April 2020, IntelliCentrics, Inc., our US operating subsidiary, applied for and received a loan of US$1.7 million from the Government of the US under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). As of June 30, 2020, the Group met the qualifications outlined by the Small Business Administration (SBA), in consultation with the Department of the Treasury, for loan forgiveness of the full amount of the borrowing. The Company has recognised the forgiveness of the loan as other non-operating income.

Income Tax Expense

Our income tax expense decreased by 19.8% to US$2.1 million for the 18 months ended June 30, 2020, from US$2.6 million for the 12 months ended December 31, 2018. The decrease is primarily attributable to the inclusion of a US$0.6 million R&D tax credit in the UK.

Profit for the 18 months ended June 30, 2020

Our net profit decreased to US$2.2 million for the 18 months ended June 30, 2020, from US$3.0 million for the 12 months ended December 31, 2018. Our net profit margin decreased to 4.1% for the 18 months ended June 30, 2020, from 9.0% for the 12 months ended December 31, 2018. This is primarily due to an increase in sales and administrative expenses, as well as an increase in expenses related to R&D, recruitment, additional employees, technology development tools, promotions, advertisements, and customer renewals.

Adjusted — Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA)

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	$ Change US$'000	% Change
Profit for the period	**2,236**	3,049	(813)	(26.7)
Income tax expense	**2,062**	2,572	(510)	(19.8)
Earnings before taxes	**4,298**	5,621	(1,323)	(23.5)
Net interest (income)/expense	**(1,298)**	425	(1,723)	(405.4)
Earnings before interest and taxes	**3,000**	6,046	(3,046)	(50.4)
Depreciation	**1,704**	63	1,641	2,604.8
Amortisation	**2,187**	256	1,931	754.3
Other non-operating loss	**320**	—	320	100.0
Adjusted EBITDA	**7,211**	6,365	846	13.3

We use Adjusted EBITDA, which represents net income before (i) income tax expense, and net interest (income)/expense, and (ii) certain non-cash expenses, consisting of depreciation of property and equipment, rent cost relating to certain right-of-use assets, amortisation and impairment of intangible assets and impairment of goodwill, and other non-operating (income)/expense, including share of results of equity (joint venture) investees, which we do not believe are reflective of our core operating performance during the periods presented.

FINANCIAL POSITION

Discussion of Certain Key Balance Sheet Items

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
ASSETS		
Current assets		
Financial assets at fair value through other comprehensive income	**47,925**	—
Deposits, prepayments, and other receivables	**2,518**	2,412
Restricted cash	**10,185**	6,450
Short-term bank deposits	**—**	260
Cash and cash equivalents	**7,795**	26,538
Total current assets	**68,423**	35,660
LIABILITIES		
Current liabilities		
Borrowings	**21,500**	12,731
Lease liabilities	**692**	—
Trade payables	**2,258**	56
Other payables and provisions	**3,389**	3,762
Amounts due to related parties	**44**	24
Contract liabilities	**19,259**	17,258
Current income tax liabilities	**13**	1,244
Total current liabilities	**47,155**	35,075
NET CURRENT ASSETS		
Net current assets	**21,268**	585
EQUITY		
Total equity and non-controlling interest	**45,514**	1,090

Goodwill and Other intangible Assets

Our intangible assets mainly include: Goodwill, customer relationships, and our technology platform. These items are recognised 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 capitalisation of our development expenditures net of amortisation.

Our intangible assets increased by 31.4% and US$5.4 million (US$22.5 million as of June 30, 2020, from US$17.2 million as of December 31, 2018). The US$5.4 million increase was primarily due to the US$7.3 million growth in our new platform solutions, including the BioBytes™ application, less US$1.7 million amortisation.

Deposits, Prepayments and Other Receivables

Our current deposits, prepayments, and other receivables increased to US$2.5 million as of June 30, 2020 from US$2.4 million as of December 31, 2018.

Trade Payables

Our trade payables increased to US$2.3 million as of June 30, 2020, from US$56,000 as of December 31, 2018. The increase was mainly associated to the suppliers attributable to the growth in revenue, moving vendors to more favorable payment terms, and professional fees.

Amounts Due to Related Parties

Our amounts due to related parties was US$44,000 as of June 30, 2020, compared to US$24,000 as of December 31, 2018.

Contract Liabilities

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as of the relevant balance sheet dates. The prepaid fees will be recognised over the next 12 months. These fees are classified as current liabilities in the condensed consolidated statement of financial position.

Our contract liabilities increased by 11.6% to US$19.3 million as of June 30, 2020, from US$17.3 million as of December 31, 2018. The change in subscribers and annual rate contributed to the increased liabilities.

Equity

Our total equities were US$45.5 million and US$1.1 million as of June 30, 2020, and as of December 31, 2018, respectively. The significant increase was primarily due to the proceeds from the Global Offering.

KEY FINANCIAL RATIOS

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

	As at and for the 18 months ended June 30, 2020	As at and for the 12 months ended December 31, 2018
Gross Profit margin	**93.5%**	93.9%
Net Profit margin	**4.1%**	9.0%
Current ratio(1)	**1.5**	1.0
Gearing ratio(2)	**47.2%**	3,891.8%
Return on equity(3)	**9.6%**	11.8%
Return on assets(4)	**2.7%**	4.4%

Notes:

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

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

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

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

Gross Profit Margin

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

Net Profit Margin

For details of our net profit margin, see "— Results of Operations — Profit for the 18 months ended June 30, 2020".

Current Ratio

Our current ratio increased to 1.5 as of June 30, 2020 from 1.0 as of December 31, 2018, primarily due to (i) a significant increase in total current liabilities; and (ii) a decrease in total current assets. See "— Discussion of Certain Key Balance Sheet Items — Net Current Assets" for details.

Gearing Ratio

Our gearing ratio decreased significantly to 47.2% as of June 30, 2020 from 3,891.8% as of December 31, 2018, primarily due to (i) the Reorganisation Facility and (ii) the significant decrease in total equity as a result of the Reorganisation, details of which are set out in "— Discussion of Certain Key Balance Sheet Items — Equity".

Return on Equity

Our return on equity decreased to 9.6% as of June 30, 2020, from 11.8% as of December 31, 2018, primarily due to a decrease net profit and in our average total equities as a result of the Reorganisation, details of which are set out in "— Discussion of Certain Key Balance Sheet Items — Equity".

Return on Assets

Our return on assets decreased to 2.7% as of June 30, 2020 from 4.4% as of December 31, 2018, primarily due to a decrease in net profit and an increase in total assets.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Property, plant, and equipment	**4,672**	92
Acquisition of W.A.Y.	**72**	2,949
Software	**473**	—
Self-developed technology platform	**7,339**	2,712
Total	**12,556**	5,753

Our capital expenditure increased significantly to US$12.6 million as at June 30, 2020 from US$5.8 million as at December 31, 2018, primarily due to (i) capitalisation of development expenses relating to both the growth in our SEC^{3}URE platform and the development of the patient platform; (ii) investment in eBadges for our customers, and; (iii) investment in third party software for internal use. We expect further capital spend in 2021 on our third-party software for internal use, on office and computer equipment for the move to new headquarters in Dallas, and continued capitialisation of expenses for our technology platform. We have primarily financed, and expect to continue to finance, our capital expenditures through internally generated cash flows.

Capital Commitments

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

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; cost efficient funding of the Company and its subsidiaries; and 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 R&D and market acquisition initiatives. Our working capital is predominantly financed from cash generated from our operating activities, comprised of cash payments received from our annual subscription memberships and add-on services, bank borrowings, and proceeds from issuance of stock. In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. The main sources of liquidity are cash and cash equivalents on hand, redeemable promissory notes, and the cash generated from operating activities.

As of June 30, 2020, the cash and cash equivalents, net current assets, and total assets less current liabilities were US$7.8 million (US$26.5 million as of December 31, 2018); US$21.3 million (US$0.6 million as of December 31, 2018); and US$50.0 million (US$32.9 million as of December 31, 2018), respectively.

NET CURRENT ASSETS

We had net current assets of US$21.3 million as of June 30, 2020, an increase of US$20.7 million as compared to US$0.6 million as of December 31, 2018. Total current assets increased by US$32.8 million which was attributable to the proceeds from the Global Offering that amounted to US$60.6 million, net of payments for borrowings. Current restricted cash of 50% of borrowings increased by US$3.7 million. This increase reflects the reclassification of borrowings from non-current to current net of payments. Total current liabilities increased by US$12.1 million due to the reclassification of borrowings from non-current to current which represented the current portion of the Reorganisation Facility. The Company currently has no non-current borrowings.

RESTRICTED CASH

The current and non-current portions of our restricted cash consisted predominately of restricted deposits held at the relevant lenders as security corresponding to the current and non-current portions of relevant bank facilities, respectively. The current and non-current restricted cash was US$10.3 million, as of June 30, 2020, and the current and non-current restricted cash was US$21.5 million as of December 31, 2018. The decrease of US$11.2 million corresponded to the repayment of the bank loan.

The following table sets forth a breakdown of our restricted cash for the periods indicated:

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Restricted cash — Non-current	**163**	15,050
Restricted cash — Current	**10,185**	6,450
Total	**10,348**	21,500

The current restricted cash as of June 30, 2020 represented the restricted deposits as security for a bank facility of our Group. The non-current restricted cash of US$163,000 as of June 30, 2020 represented the restricted deposits held in the employee shares trust. The current and non-current restricted cash as of December 31, 2018 represented the restricted deposits as security for the Reorganisation Facility.

PLEDGE OF ASSETS

As of June 30, 2020, the Group has pledged current restricted cash of US$10.2 million as collateral against its borrowings.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

We operate mainly in the U.S. with most of the transactions settled in U.S. dollars. Our management considers that our business is not exposed to any significant foreign exchange risk as we have no significant financial assets or liabilities denominated in the currencies other than US$. During the 18 months ended June 30, 2020, the Company did not issue any financial instruments for hedging purposes. As we monitor the growth of the Company in association with the local revenue and expenses, the management will consider hedging significant foreign currency exposure should the need arise.

Cash and cash equivalents, short-term bank deposits, current portion of restricted cash, and promissory notes are denominated in the following currencies:

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
USD	**62,367**	32,017
HKD	**1,193**	23
GBP	**267**	1,053
CAD	**28**	80
NTD	**21**	75
EUR	**4**	—
Total	**63,880**	33,248

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

In February 2019, we contributed US$0.3 million to a joint venture named Sciencare. The joint venture company was incorporated in the People's Republic of China ("PRC") with limited liability on March 21, 2018. Sciencare was in the pre-revenue stage using IntelliCentrics' health technology in developing a healthcare technology system in China that is committed to providing patients with a trusted and supportive healthcare service. For the development and use of technology, IntelliCentrics receives a licensing fee as a percentage of revenue. This strategic joint venture is 60.0% owned by Mr. Li Zheng, a person independent from the Company, and 40.0% owned by IntelliCentrics Zengine (Hong Kong) Company Limited, a subsidiary of our Group. The carrying amount of the Company's investment in the joint venture amounted to nil as at June 30, 2020. For the 18 months ended June 30, 2020, the Company recorded a loss on our investment in the joint venture of US$0.3 million.

On August 20, 2019, the Group acquired the overseas listed equity securities, AerKomm Inc. As a strategic investment, the Group purchased 118,000 shares of AerKomm Inc., representing approximately 1.3% of the issued and outstanding shares of AerKomm Inc., at the cost of US$5.0 million. As at August 31, 2019, this investment represented 4.7% of the Group's total assets. AerKomm Inc. is listed on the Nasdaq, OTCQX market and Euronext Paris. AerKomm Inc. is a service provider of in-flight connectivity and entertainment solutions and has tools that support Ka HTS mobile satellite technology, H.265 video compression, and satellite acceleration technology. The fair value of the Company's investment in AerKomm Inc. amounted to US$2.0 million as at June 30, 2020 or approximately 2.1% of the Company's total assets. For the 18 months ended June 30, 2020, the Company recorded an unrealised loss on this investment of US$3.0 million through other comprehensive income due to the reduction in the fair value of the AerKomm Inc.'s shares as indicated by the quoted market price on June 30, 2020. For the 18 months ended June 30, 2020, there were no dividends received from this investment.

INVESTMENT IN PROMISSORY NOTES AND ADVANCES TO ENTITIES

Pursuant to Rule 13.13 of the Listing Rules, a disclosure obligation arises where an advance to an entity exceeds 8% of the total assets of the Group. Pursuant to Rule 13.20 of the Listing Rules, details of the advance as defined under Rule 13.15 of the Listing Rules which remained outstanding as at June 30, 2020 are set out below.

On March 27, 2019, the Group invested in two promissory notes with an aggregate principal amount of US$55.0 million issued by private enterprises, by utilizing the gross 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$28.0 million and utilised the proceeds to invest in another two promissory notes issued by private enterprises. As at the relevant time, each purchase of the promissory notes by the Company which constituted an advance to the relevant entity under Rule 13.13 of the Listing Rules exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

As at June 30, 2020, the outstanding balance of the promissory notes invested by the Group in 2019 amounted to US$45.9 million, inclusive of interest receivable of US$2.5 million. This asset comprises 67.1% of total current assets and 47.2% of total assets. Under IFRS, this is considered a significant concentration of the Group's assets.

The US$43.4 million principal value is diversified into four holdings: Keystone Group Ltd with the principal amount of US$10.3 million, Everglory Strategic Investment Limited with the principal amount of US$10.8 million, Durable Energy Limited with the principal amount of US$11.3 million, and Ariana Capital Investments Limited with the principal amount of US$11.0 million. All promissory notes were purchased at par value with interest at a fixed rate of 4.5% per annum. See the announcement of the Company dated May 19, 2020 for further details of the promissory notes.

INDEBTEDNESS

Borrowings

Our borrowing balance as of June 30, 2020 was US$21.5 million with fixed interest rates per annum ranged between 3.02%–6.84% (December 31, 2018, was US$42.4 million with fixed interest rates per annum ranged between 3.30%–4.45%). The borrowings are secured by certain bank deposits and are in US$.

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Borrowings		
— Current	**21,500**	12,731
— Non-current	**—**	29,690
Total	**21,500**	42,421

CONTINGENT LIABILITIES

In April 2018, a former employee of the Group's subsidiary, IntelliCentrics, Inc., filed a lawsuit in Denton County, Texas, U.S., against IntelliCentrics, Inc. The former employee asserted certain claims: breach of employment agreement and age discrimination. As of the date of this annual report, the lawsuit is ongoing. In review of the status with our external counsel, the Group believes that there will be a positive outcome for the Group and no provision is recorded.

On June 1, 2020, Repifi Vendor Logistics, Inc. filed a patent infringement lawsuit against IntelliCentrics, Inc. and the Company in the Eastern District of Texas. The lawsuit alleges that IntelliCentrics, Inc.'s visitor access and credentialing systems marketed as SEC^{3}URE Go! infringe on U.S. Patent No. 10,304,268. Based on a preliminary review of the patent information and status with our external counsel, the Group does not infringe the patent. In review of the status with our external counsel, the Group believes that there will be a positive outcome for the Group and no provision is recorded.

Except as disclosed above, as of June 30, 2020, the Group did not have other material contingent liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please see "Financial Information — Financial Risk Management" (Note 41).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the 18 months ended June 30, 2020.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards. During the period from the Listing Date until June 30, 2020, the Company has applied the principles as set forth 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 all applicable code provisions as set out in the CG Code during the period from the Listing Date until June 30, 2020.

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 set additional guidelines at least as strict as the Model Code for transactions of the Company's securities for the relevant employees (as defined in the Listing Rules).

The Company has made specific inquiries to all Directors about their compliance with the Model Code. All Directors confirmed that they were in compliance with the standards specified in the Model Code during the period from their respective appointment date until June 30, 2020. The Company has made specific inquiries of relevant employees about their adherence to the guidelines on transactions of the Company's securities. The Company did not notice any violation of the guidelines.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the Shares as may be purchased by the trustee from time to time pursuant to the Restricted Share Award Scheme ("RSA Scheme"), during the period from the Listing Date until June 30, 2020, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

Refinancing of Debt and Subsequent Debt Payment

As at June 30, 2020, the Company had outstanding debt of US$20.0 million with EnTie Commercial Bank in Taiwan. Between July 30, 2020 and August 5, 2020, the Company utilised US$10 million in a revolving loan agreement with EnTie Commercial Bank. On August 15, 2020, the Company made a US$5.0 million repayment to EnTie Commercial Bank. The remaining balance of the total outstanding borrowings with EnTie Commercial Bank as of the date of this annual report is US$25.0 million.

Additional Investment in Sciencare

In October 2020, IntelliCentrics Zengine (Hong Kong) Company Limited, the Company's 67%-owned subsidiary, entered into an agreement for a capital increase to its joint venture, Sciencare, to support the growth of the joint venture operations. Upon completion of the transaction, IntelliCentrics Zengine (Hong Kong) Company's investment in Sciencare will increase by US$400,000 and it will retain a 40% ownership in Sciencare. Sciencare recently signed an agreement with the city of Langfang, which will be supported by the Group's trusted healthcare platform. The Group will continue to retain one of the three director positions on the board of the joint venture.

EXECUTIVE DIRECTORS

Mr. Lin Tzung-Liang (林宗良), aged 56, is a Controlling Shareholder, chairman of the Board, and an executive Director at IntelliCentrics. Since founding our group in 2010, Mr. Lin has been the driving force behind the development, growth and expansion of our Group's business, helping build a successful and innovative healthcare technology platform that provides managed services to improve the healthcare industry's safety and compliance. Mr. Lin is primarily responsible for formulating the overall development strategies and business plans and overseeing the operations of our Group. Mr. Lin is also a director of several of our principal operating entities.

Mr. Lin founded VTC Electronics in 1995, where he developed innovative technologies for the security sector, bringing new video and imaging tools to the market. Since then, Mr. Lin has garnered over 20 years of start-up, investment and management experience in various industries including the healthcare industry.

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

Mr. Michael James Sheehan, aged 51, has been with our Group for over 14 years. He joined our Group as a director of USA deView (a member of our Group) in June 2004 and was responsible for incorporating USA deView, a wholly-owned subsidiary of our Group for the purpose of introducing the Company's products to North America. In June 2010, while retaining all his current responsibilities, he was nominated to the board of directors of the parent company, VTC Electronics, and held the position until June 2016. In this capacity, Mr. Sheehan was subsequently given the additional responsibility of overseeing our Group's operations in the United Kingdom. In April 2012, Mr. Sheehan was named the group chief executive officer of the parent company, VTC Electronics, and remained in that position until the reorganisation of VTC Electronics which separated the CCTV Business (as defined in the Prospectus) from the Listing Business (as defined in Note 1 to the consolidated financial statements below). Following the reorganisation, Mr. Sheehan devoted his time exclusively to the operations of our Group in the capacity of Chief Executive Officer and was appointed as an executive Director on September 5, 2018. In this role, Mr. Sheehan is primarily responsible for overseeing the management and operation of our Group's overall business, including the development of our business model, our technology development and selection, the development of our business growth strategies, our Group's decision making processes and organisational structure, and the management of day-to-day operations. Mr. Sheehan is also a director of several of our principal operating entities.

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

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

NON-EXECUTIVE DIRECTORS

Mr. Lin Kuo-Chang (林國璋), aged 62, has been a non-executive Director since September 5, 2018. He has played a key role in providing strategic advice and guidance on the international business development and expansion of our Group. He has nearly 30 years of experience in corporate governance, securities, and investments.

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

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

Mr. Leo Hermacinski, aged 61, has been a non-executive Director since January 23, 2020. He has over 20 years of experience in strategy consulting where he works with clients primarily in the technology and industrial sectors, from start-ups through to major global corporations. Mr. Hermacinski has supported our efforts by providing strategy and operational support as an independent consultant. Previously, he was a partner in the Parthenon Group from 1995 to 2011 where he advised companies and private equity firms on business strategy. He also served as the chief executive officer of dSide Technologies from 2012 to 2015, where he was responsible for setting strategic direction, building organisation, identifying and developing lead customers.

Mr. Hermacinski obtained a Bachelor of Science degree in Electrical Engineering from Imperial College and a Master of Science degree in Electrical Engineering from King's College, University of London. He also holds a Master of Management from the Kellogg Graduate School of Management at Northwestern University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hsieh Yu Tien (謝玉田), aged 68, has been an independent non-executive Director since January 23, 2020, helping our Company develop our business development strategy and international market opportunities. He brings tremendous insight from his board experience at Taiwan Oasis Technology Co., Ltd., Sun Max Tech Limited and King Core Electronics Inc. Previously, he served as a supervisor of King Core Electronics Inc., and as a director at Federal Corporation and Usun Technology Co., Ltd, both of which are companies listed in Taiwan. He is also a part-time lecturer at the Department of Business Administration of Shih Chien University.

Mr. Hsieh holds a Bachelor's degree in Cooperative Economics from Tam Kang University, Taiwan, and a Master of Business Administration degree from Chinese Culture University, Taiwan. He also obtained the Securities Investment Analyst Certification issued by the Securities Regulatory Commission and the University Lecturer Competency Certification authorised by the Ministry of Education of Taiwan.

Ms. Huang Yi-Fen (黃貽玢), aged 53, has been an independent non-executive Director since January 23, 2020. She is a Certified Public Accountant since 2001 and has over 20 years of experience in auditing, accounting, financing, and tax field of many listed companies. She is the principal of Zheng Ping Accounting Firm since 2001. Ms. Huang was a lecturer in Jinwen University of Science and Technology from 2001 to 2010 and is currently a lecturer in Taiwan Small & Medium Enterprise Counseling Foundation. Ms. Huang also worked at BDO Taiwan and KPMG Taiwan as a senior auditor and at LUMAX International Group as financial and accounting vice manager.

Ms. Huang obtained her Bachelor's degree and Master's degree in Accounting from National Taiwan University.

Mr. Wong Man Chung Francis (黃文宗), aged 55, has been an independent non-executive Director since January 23, 2020. He is a Certified Public Accountant and has over 30 years of experience in auditing, taxation, corporate internal control and governance, acquisition and financial advisory, corporate restructuring and liquidation, family trust and wealth management. He is currently an independent non-executive director of China Oriental Group Company Limited, Digital China Holdings Limited, Wai Kee Holdings Limited, Integrated Waste Solutions Group Holdings Limited, Greenheart Group Limited, GCL-Poly Energy Holdings Limited, Hilong Holding Limited, Qeeka Home (Cayman) Inc., and Shanghai Dongzheng Automotive Finance Co., Ltd., all of which are companies listed in Hong Kong. He was an independent non-executive director of Kunming Dianchi Water Treatment Co., Ltd. and China New Higher Education Group Limited, both of which are companies listed in Hong Kong. Mr. Wong is the founding director and member of Francis M. C. Wong Charitable Foundation Limited. Previously, Mr. Wong worked for KPMG for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales, the Society of Chinese Accountants and Auditors and Hong Kong Institute of Certified Public Accountants, and a certified tax adviser of the Taxation Institute of Hong Kong.

Mr. Wong holds a Master's degree in Management conferred by Guangzhou Jinan University in the PRC.

SENIOR MANAGEMENT

Mr. Charles R. Christopherson, Jr., CPA, aged 56, has been the Chief Financial Officer since December 9, 2019, leading and developing the Company's global financial strategy, accounting, tax, treasury, asset management, capitalisation, and investor relations.

Through his career, Charles has built trust, created value, and delivered extraordinary results in technology operations initiatives that have spanned over 170 countries. His prior positions include a dual role as British Telecom's chief financial officer and board member of BT America and BT Global Services CFO, responsible for the Pharmaceutical, Chemical, and CPG global verticals; senior vice president IBU for Global Administrative Solutions at SAP SE, responsible for the solutions, acquisitions, and business development for financial, human capital, business intelligence, analytical, and mobility solutions; and Cabinet Official, CFO and CIO of USDA, a government entity that invests billions in annual nutritional research, rural health, veterinary management, animal and plant inspections, the U.S. Forest Service, the 8th largest bank in the U.S., and contributes over US$80.0 billion in terms of food and nutritional assistance around the globe.

Charles has served on the board of directors for several companies and organisations, including the Commodity Credit Corporation, the Graduate School USA, the Boys and Girls Club of Arlington, and the National Kidney Foundation of Colorado, New Mexico, Montana, and Wyoming.

He earned a Bachelor's degree in Accounting from Brigham Young University, a Master of Business Administration from University of Oregon, and is a licensed Certified Public Accountant in Washington.

Mr. David Edward Taylor, aged 44, has been the Chief Innovation Officer since February 15, 2016, where he oversees all technology and operations efforts, including the management of our healthcare technology platform, our technology and product innovation teams, and our services teams, and the development of new products that will be central to our Group's business.

Prior to joining our Group, Mr. Taylor garnered over 10 years of experience in the healthcare technology industry, holding various leadership positions. Between December 2003 and December 2015, Mr. Taylor served at Trintech Inc., holding a number of roles including the director of finance and strategy in 2003, vice president (strategy) between 2006 to 2011 and the executive vice president (product and marketing platforms (cloud)) between 2011 to 2015. Between May 2015 and February 2016, Mr. Taylor served as the vice president (product management) of nThrive (formerly known as MedAssets, Inc.).

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

Mr. Michael McDonald, aged 56, has been the Chief Operating Officer since March 1, 2019, delivering trust to our customers by establishing and implementing innovative people and facility strategies. Prior to joining IntelliCentrics, Mr. McDonald held leadership positions at startups. Most recently, he was executive vice president for operations and manufacturing at Peacock Alley, where he played a transformational role in growing the company three times faster than the industry rate. Prior to Peacock Alley, Mr. McDonald was with Everthread, a Series A technology startup that offers a SaaS platform to mid- to large-sized retail clients looking to increase e-commerce and in-store sales. In this role, he consulted on service delivery operations, and legal and organisational structure.

In addition to his success and diverse experience in operational leadership, Mr. McDonald is a Texas licensed attorney with extensive international deal-making experience in the software industry and brings his legal acumen to his professional roles as a value-add. Mr. McDonald was admitted to the Texas State Bar in 1993.

He earned a Bachelor's degree in Business Administration from Concordia College and his Juris Doctor from Louisiana State University.

Mr. Eric Anderson, aged 54, has been the Chief Commercial Officer for North America since May 4, 2020. He is responsible for developing and leading the Company's commercialisation strategy in the U.S. and Canadian markets. He oversees the sales, marketing, engagement, and operations teams to bring new technologies to the market and increase revenue growth.

Prior to joining IntelliCentrics, Mr. Anderson started EQ Three in 2017 to help emerging technology/IoT companies grow revenue and pivot their go to market strategy from "technology-push" to "market-pull". Before that, he was with Gracenote to develop and bring to market the first TV personalisation and real-time/frame-accurate audience analytics platform using automatic content recognition (ACR) technology.

Mr. Anderson has previously held executive leadership positions at Samsung Electronics, where he was responsible for launching the world's first smart TV platform, Samsung's convergence and x-device content platform strategy, and Samsung's first Smart Home platform offerings. He had also spent several years with Ericsson where he specialised in mobile internet and service delivery platforms.

An accomplished industry executive with 30 years of experience in AI, IoT and IIoT, Mr. Anderson earned a Bachelor's degree in Marketing and Advertising and a Master's degree in Information and Communication Sciences from Ball State University.

Mr. John Iandolo, aged 55, has been our managing director for the United Kingdom and Europe region since August 24, 2020. He is responsible for developing and executing initiatives for the UK and European markets. Mr. Iandolo has over 30 years of experience and a trusted reputation in the technology industry. He specialises in crafting high-growth strategies and ambitious market plans, helping multinational corporations realise success in new and existing markets. Mr. Iandolo has experience working at corporate, enterprise and private equity organisations. Prior to joining IntelliCentrics, he completed two successful private equity engagements in the UK's mid-market technology sector and served as the UK sales director for Dimension Data/NTT, the global systems integrator. He has also held key positions at Telefonica, Siemens, and Hewlett-Packard, possessing a deep understanding of international business cultures.

He graduated with a Bachelor's degree in Business from Manchester Metropolitan University and is a member of the Institute of Directors in the UK.

Directors' Report

The Directors submit their annual report together with the audited financial statements for the 18 months ended June 30, 2020.

REORGANISATION AND GLOBAL OFFERING

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

USE OF PROCEEDS FROM THE COMPANY'S GLOBAL OFFERING

The schedule below sets out, as at June 30, 2020, the status on the allocation and the usage of net proceeds from the Company's Global Offering on March 27, 2019.

Item	**Net proceeds from the Global Offering (including proceeds from the exercise of the Over-Allotment Option)** (HK$ million)	**Utilised between March 27, 2019 to June 30, 2020** (HK$ million)	**Unutilised as of June 30, 2020** (HK$ million)	**Expected timeline of the intended use of the unutilised proceeds, subject to 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	234.60	28.13	206.47	Expected to be fully utilised by the end of 2021
Repaying the principal amount of a bank facility in connection with the reorganisation**	117.70	77.92	39.78	Expected to be fully utilised by the end of 2021
Funding potential acquisitions and developing strategic alliances	5.03	5.03	—	N/A
Working capital and other general corporate purposes	39.62	39.62	—	N/A
Total	**396.95**	**150.70**	**246.25**	

** Loans and expenses are in US$. Conversion to HK$ used the exchange rate of 7.79158.

USE OF PROCEEDS FROM THE COMPANY'S GLOBAL OFFERING IN US$

Item	Net proceeds from the Global Offering (including proceeds from the exercise of the Over-Allotment Option) (US$ million)	Utilised between March 27, 2019 to June 30, 2020 (US$ million)	Unutilised as of June 30, 2020 (US$ million)	Expected timeline of the intended use of the unutilised proceeds, subject to 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	30.11	3.61	26.50	Expected to be fully utilised by the end of 2021
Repaying the principal amount of a bank facility in connection with the reorganisation**	15.11	10.00	5.11	Expected to be fully utilised by the end of 2021
Funding potential acquisitions and developing strategic alliances	0.65	0.65	—	N/A
Working capital and other general corporate purposes	5.08	5.08	—	N/A
Total	**50.95**	**19.34**	**31.61**	

Conversion from HK$ used the exchange rate of 7.79158.

PRINCIPAL ACTIVITIES

The Group operates a technology platform of trust in healthcare known as SEC^{3}URE. The evolution of the platform started with supporting LoCs with credentialing which is a difficult area of regulatory compliance for vendors and then to medical workers. The platform collects and verifies data and information in accordance with government regulations and the requirements of over 11,000 LoCs. The system collects, monitors, and schedules the coordination of "real-time approved, credentialed" medical professions into the right location at the right time. This foundational platform has created greater trust and transparency in the healthcare industry, supporting healthcare professionals and their patients. With the global outbreak of COVID-19 in 2020, the Company accelerated its pace to release over 100 enhancements to the platform including collect, monitor, and schedule for the patient.

A list of the Company's subsidiaries, together with their places of incorporation, principal activities, and particulars of their issued shares/paid up capital, is set out in Note 38 within the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the financial year and a discussion on the Group's future business development initiatives are set out in the "Chairman's and CEO's Statement" and "Management Discussion and Analysis — Business Review and Outlook" sections of this report. The financial risk management objectives and policies of the Group are set out in Note 41 to the consolidated financial statements. Significant events that have impacted the Group after the end of the financial year ended June 30, 2020 are set out in Note 43 to the consolidated financial statements. Like all companies in our industry, we face general risks and uncertainties. We look to minimise those risks through key relationships between the Group and its employees, customers and suppliers, the environmental policies, and compliance with the relevant laws and regulations. The Group lists the significant impact are set out below.

(a) Principal risks and uncertainties

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in its businesses and operations as efficiently and effectively as possible. The Chief Executive Officer of the Company reports to the Board and assists the Board in overseeing the risk management and mitigation.

The Group's principal revenue activities are generated from its SEC^{3}URE platform for the healthcare industry. It will be exposed to a variety of key risks including operational risk, compliance risk and legal risk. There may be other risks and uncertainties which are not known to the Group or which may or may not be material.

COVID-19. The global pandemic of the coronavirus disease known as COVID-19 has directly impacted people, employees, businesses, and financial economies. As an essential business in healthcare, our employees have adapted to the changing environment of work-from-home and using "personal prudence" with local safety measures when working at the office. As is the nature of an essential business in the support of LoCs and healthcare workers in the fight against COVID-19 our expenses have increased as we incorporate our efforts through the rapid development of technology. This technology directly improved the processes, safety, certifications, and mobility of healthcare workers in relation to the fight against COVID-19 and our value proposition to LoCs. While our value is increasing, quarantines and limited healthcare procedures can have a negative impact on revenue. Revenue is expected to return and increase as our services are a requirement for compliance with government regulations in the countries in which we do business.

(b) Environmental policies and performance

The Group recognises the importance of proper adoption of environmental policies which is essential to the attainability of corporate growth. The management has formulated an environment management policy for the Group based on applicable environmental laws, regulations, and standards. Our Chief Operations Officer is responsible for the Group's ESG policies and processes to ensure compliance with the applicable environmental laws and regulations. The Group enhances our environmental performance by selecting vendors that have good environmental policies including the use of renewable energy.

(c) Compliance with laws and regulations

While the Company is a holding company incorporated in the Cayman Islands with its Shares listed on the Main Board of the Stock Exchange, the Group's operations are mainly carried out by the Company's subsidiaries in the United States, provinces of Quebec and Ontario in Canada, and the United Kingdom. The Group's establishments and operations shall accordingly comply with the relevant laws and regulations in the United States, the provinces of Quebec and Ontario in Canada, the United Kingdom, the Cayman Islands and Hong Kong. During the 18 months ended June 30, 2020, our businesses were in all material aspects in compliance with all the relevant laws and regulations in these jurisdictions.

(d) Relationships with key stakeholders

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

(i) Employees

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package comprising of base compensation, incentives, benefits, and the Company's RSA Scheme. The Group supports employee development and advancement by providing training, mentoring, teamwork, and education.

(ii) Customers

The Group's principal customers are LoCs and subscribers. The Group's mission is to provide excellent service while maintaining our revenue growth, long-term profitability, and humanitarian support. Various means have been established to strengthen the communication between the customers and the Group in the provision of excellent service.

(iii) Suppliers

Sound relationships with key suppliers of the Group are important in the supply chain which can derive cost effectiveness and foster long-term business benefits. The key suppliers include credit card and payment processing companies, add-on service vendors, programming partners, and business consultants.

(iv) Shareholders

The Group's corporate goal is to create extreme value to all stakeholders. The Group is poised to foster business to achieve revenue growth, financial results, operating cash flow, thereby supporting future operations, capital requirements, and surplus to the Shareholders.

(e) Events after the reporting period

Refinancing of Debt and Subsequent Debt Payment. As at June 30, 2020, the Company had outstanding debt of US$20.0 million with EnTie Commercial Bank in Taiwan. Between July 30, 2020 and August 5, 2020, the Company utilised US$10 million in a revolving loan agreement with EnTie Commercial Bank. On August 15, 2020, the Company made a US$5.0 million repayment to EnTie Commercial Bank. The remaining balance of the total outstanding borrowings with EnTie Commercial Bank as of the date of this annual report is US$25.0 million.

Additional Investment in Sciencare. In October 2020, IntelliCentrics Zengine (Hong Kong) Company Limited, the Company's 67%-owned subsidiary, entered into an agreement for a capital increase to its joint venture, Sciencare, to support the growth of the joint venture operations. Upon completion of the transaction, IntelliCentrics Zengine (Hong Kong) Company's investment in Sciencare will increase by US$400,000 and it will retain a 40% ownership in Sciencare. Sciencare recently signed an agreement with the city of Langfang, which will be supported by the Group's trusted healthcare platform. The Group will continue to retain one of the three director positions on the board of the joint venture.

RESULTS AND DIVIDEND

The results of the Group for the 18 months ended June 30, 2020 are set out in the section headed "Consolidated Statement of Comprehensive Income" of this annual report. The Board does not recommend the payment of a dividend for the 18 months ended June 30, 2020.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the 18 months ended June 30, 2020, are set out in Note 25 to the consolidated financial statements in this annual report.

RESERVES

Details of the movements in the reserves of the Group for the 18 months ended June 30, 2020 are set out in the section headed "Consolidated Statement of Changes in Equity" of this annual report. As of June 30, 2020, the Company had a share premium balance of US$76.9 million, which shall be available for distribution to the Shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements for the 18 months ended June 30, 2020 in the Group's property, plant and equipment are set out in Note 17 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

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

BORROWINGS

As of June 30, 2020, the Group had borrowings of US$21.5 million (December 31, 2018: US$42.4 million).

PLEDGE OF ASSETS

As of June 30, 2020, the bank deposits of US$10.2 million (December 31, 2018: US$21.5 million) were restricted deposits held as security for certain banking borrowings of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers comprised our LoCs and paying subscribers. As of June 30, 2020, we had 121,451 paying subscribers in the United States, the country in which a significant portion of our customers are located. In the 18 months ended June 30, 2020, no single customer contributed more than 1% to our total revenue and we did not have a concentration risk.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 49.9% (December 31, 2018: 84.8%) of the total purchases for the financial year and purchases from the largest supplier accounted for approximately 24.4% (December 31, 2018: 29.1%) of our total purchases.

To the best knowledge of the Directors, none of the Directors or any of their close associates (as defined in the Listing Rules) or Shareholders that owned more than 5% of the issued Shares had any direct or indirect interest in the five largest customers or the five largest suppliers of the Group during the 18 months ended June 30, 2020.

DIRECTORS

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

Executive Directors

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

Non-executive Directors

Mr. Lin Kuo-Chang
Mr. Leo Hermacinski *(appointed on January 23, 2020)*
Mr. Sean Fang *(resigned on January 23, 2020)*

Independent Non-executive Directors

Mr. Hsieh Yu Tien *(appointed on January 23, 2020)*
Ms. Huang Yi-Fen *(appointed on January 23, 2020)*
Mr. Wong Man Chung Francis *(appointed on January 23, 2020)*
Mr. Chan Kwok Wai *(resigned on January 23, 2020)*
Mr. Lo Chiang *(resigned on January 23, 2020)*
Mr. Shen Haipeng *(resigned on January 23, 2020)*

THE BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

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

SERVICE CONTRACTS OF THE DIRECTORS

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

Pursuant to article 109 of the Articles of Association, one-third of the Directors shall retire from office by rotation. Accordingly, Mr. Lin Kuo-Chang will retire from office by rotation. Pursuant to article 113 of the Articles of Association, Mr. Leo Hermacinski, Mr. Hsieh Yu Tien, Ms. Huang Yi-Fen and Mr. Wong Man Chung Francis, whose appointment all became effective on January 23, 2020, will also retire. The above-mentioned Directors will be eligible and offer themselves for re-election at the forthcoming AGM. None of the Directors proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DISCLOSURE OF CHANGES IN INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, there was no change of information on Directors for the 18 months ended June 30, 2020 save as disclosed in this annual report.

REMUNERATION OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in Note 9 and Note 39 to the consolidated financial statements in this annual report.

The remuneration of the members of the senior management by band for the 18 months ended June 30, 2020 and the 12 months ended December 31, 2018 is as follows:

	18 months ended June 30, 2020	12 months ended December 31, 2018
	(number of individuals)	
Emoluments bands:		
HK$0 to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**2**	2
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**–**	2
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**–**	–
HK$5,000,001 to HK$5,500,000	**–**	–
HK$5,500,001 to HK$6,000,000	**–**	–
HK$6,000,001 to HK$6,500,000	**1**	–
Total	**6**(1)	5

Note:

(1) During the 18 months ended June 30, 2020, two members of the Group's senior management exited the Group and three new members joined the Group. As such, a total of six members of the Group's senior management received remuneration during the 18 months ended June 30, 2020.

EMPLOYEE AND REMUNERATION POLICY

As of June 30, 2020, the Group had 186 employees (December 31, 2018: 131 employees). Total staff remuneration expenses including Directors' remuneration for the 18 months ended June 30, 2020 equals US$24.0 million (December 31, 2018: US$11.1 million). Remuneration is determined, in accordance with the prevailing industry practice, with reference to performance, skills, qualifications, and experience of the staff members. In addition to salary payments made by the Group, other staff benefits include social insurance and housing provident contributions, performance-based compensation, and discretionary bonus. Employee remuneration is reviewed annually to local market trends. The Group has also adopted the Pre-IPO Share Option Scheme and the RSA Scheme to attract, retain, and incentivise our key employees to accelerate the Company's growth.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. When determining the emolument of a Director, the following considerations is given — experience, duties and responsibilities, time commitment, and the prevailing market conditions.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

NON-COMPETITION UNDERTAKINGS

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

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

Each of our Controlling Shareholders has provided a written confirmation to the Company confirming their compliance with the terms of the Deed of Non-Competition up to June 30, 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed in the section headed "Relationship with Our Controlling Shareholders" of the Prospectus and this annual report, as of June 30, 2020, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of June 30, 2020, 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 have 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:

(a) 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	285,740,326	62.51%
Mr. Sheehan[3]	Beneficiary of a trust	40,000,000	8.75%
	Beneficial owner	5,000,000	1.09%
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 285,740,326 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.

(b) 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[(1)]	Approximate percentage of interest in corporation
Mr. Lin	Ocin Corp.	Beneficial owner	435,800	100.0%

Note:

(1) All interests stated are long positions.

Save as disclosed above, as of June 30, 2020, 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, 2020, 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 are required 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	285,740,326	62.51%
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 285,740,326 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, 2020, 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 certain incentives and 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. On February 14, 2019, the Board approved the grant of the Share Options for an aggregate of up to 11,700,000 Shares. On February 18, 2019, Share Options were granted to 46 grantees comprising an aggregate of 11,535,000 Shares.

As of June 30, 2020, the Company had net granted Share Options under the Pre-IPO Share Option Scheme to 31 grantees for an aggregate of 8,507,500 Shares. As of June 30, 2020, 3,027,500 Share Options have lapsed under the Pre-IPO Share Option Scheme due to resignation of staff, 1,701,500 Share Options have been vested, and none of the outstanding Share Options have been exercised or cancelled.

	Outstanding share options (in thousands)	**Average exercise price**	**Aggregate intrinsic value** (in thousands)
Beginning share options authorised at US$0.875	11,700.0	US$0.875	
Original share options granted on February 18, 2019	11,535.0	US$0.875	
Lapsed under plan	(3,027.5)	US$0.875	
Exercised	—		
Expired	—		
Cancelled	—		
Balance as of June 30, 2020	**8,507.5**	**US$0.875**	**US$0**
Vested	1,701.5	US$0.875	US$0
Exercisable as of June 30, 2020	1,701.5	US$0.875	US$0

The total intrinsic value is the difference between the current market value of the stock and the exercise price of the option. As of June 30, 2020, the market value of the stock was below the exercise price.

Details of the interests of the Directors, senior management, other employees, and consultants of the Group in the Share Options 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** (in thousands)
Director of our Company					
Michael James Sheehan	Executive Director and chief executive officer	February 18, 2019	5 years	0.875	5,000.0
Sub-total:					**5,000.0**
Senior Management of our Company					
David Edward Taylor	Chief innovation officer	February 18, 2019	5 years	0.875	1,300.0
Michael McDonald	Chief operating officer	February 18, 2019	5 years	0.875	500.0
Sub-total:					**1,800.0**
Other Employees in Aggregate		February 18, 2019	5 years	0.875	1,017.5
Consultants of Our Group		February 18, 2019	5 years	0.875	690.0
Total					**8,507.5**

Subject to the Pre-IPO Share Option Scheme, the Share Options shall be vested in five even tranches at 20% on February 1, 2020, February 1, 2021, February 1, 2022, February 1, 2023, and February 1, 2024, respectively.

Tranche	Average exercise price (USD)	Vesting schedule (in thousands)
Financial Year Ended June 2020	$0.875	1,701.5
Financial Year Ending June 2021	$0.875	1,701.5
Financial Year Ending June 2022	$0.875	1,701.5
Financial Year Ending June 2023	$0.875	1,701.5
Financial Year Ending June 2024	$0.875	1,701.5
Total		**8,507.5**

RSA SCHEME

The Company adopted the RSA Scheme by the Board's resolutions dated April 26, 2019. The purposes of the RSA Scheme are: (a) to provide Selected Participants with an opportunity to acquire a propriety interest in the Company; (b) to encourage and retain such individuals to work with the Group; (c) to provide additional incentive for them to achieve performance goals; (d) to attract suitable personnel for further development of the Group; and (e) to motivate the Selected Participants to maximise the value of the Company for the benefits of both the Selected Participants and the Company, with a view to achieving objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to the Shareholders through ownership of Shares. The duration of the scheme is 10 years and the RSA Scheme is overseen by the Administration Committee as determined by the Board. The Administration Committee approves the grants, vesting schedule, purchase price of the Shares, and all other aspects of the RSA Scheme. The RSA Scheme may be used as a supplemental incentive, a performance-based incentive, and time-based awards. Prior to vesting, the Shares are held in the employee share trust which is managed at Computershare Hong Kong Investor Services Limited according to the rules of the trust. The RSA Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

As of June 30, 2020, the Company had granted restricted share awards under the RSA Scheme to two employees of the Group with details set out below:

Name of grantees	Main position in the Group	Date of grant	Vesting period	Exercise price	Number of shares to be issued upon full exercise of the share options under the RSA Scheme
Senior Management of our Company					
Charles R. Christopherson, Jr.	Chief financial officer	December 9, 2019	4 years	USD0.875	1,000,000
Eric Anderson	Chief commercial officer of North America	May 4, 2020	4 years	HKD6.850	850,000
Total					**1,850,000**

The restricted shares granted to the named individuals set out in the table above are subject to the rules of the RSA Scheme and shall be vested in four even tranches at 25% annually on the respective dates of the grants.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the 18 months ended June 30, 2020, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Directors or their respective spouse or minor children and none of such rights were exercised by the Directors. Neither was the Company, or any of its holding companies, fellow subsidiaries, and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, the Company's 2018 annual report and the Prospectus, no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during the 18 months ended June 30, 2020.

RELATED PARTY TRANSACTIONS

Related party transactions during the 18 months ended June 30, 2020, are disclosed in Note 36 to the consolidated financial statements in this annual report. None of these related party transactions constituted connected transaction or continuing connected transaction.

MANAGEMENT CONTRACTS

On December 9, 2019, the Company entered into a management contract with Charles R. Christopherson, Jr., pursuant to which Mr. Christopherson would become the Group's Chief Financial Officer. Mr. Christopherson is a Certified Public Accountant and the former chief financial officer for BT Global Services and BT America. He was interviewed and his career history was reviewed by the Audit Committee and Board of Directors on December 6, 2019. On May 4, 2020, the Group entered into a contract with Eric Anderson, pursuant to which Mr. Anderson would be the chief commercial officer of the North America operations.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, neither contract of significance made between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during the 18 months ended June 30, 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, as of the Latest Practicable Date, the Company had no future plans for material investments or capital assets except those required for the normal course of business.

DIRECTORS' PERMITTED INDEMNITY PROVISION

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

EQUITY-LINKED AGREEMENTS

Save for the equity schemes as set out under the sections "Pre-IPO Share Option Scheme" and "RSA Scheme", no equity-linked agreements were entered into by the Company.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

CORPORATE GOVERNANCE

See the Corporate Governance Report section of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the Latest Practicable Date and based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public.

AUDITOR

As disclosed by the Company on June 26, 2020, PricewaterhouseCoopers (PwC) resigned as the auditor of the Company with effect from June 19, 2020 and KPMG LLP based in the United States has been appointed as auditor of the Group with effect from June 26, 2020 to fill the casual vacancy following the resignation of PwC, and to hold office until the conclusion of the forthcoming AGM of the Company. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint KPMG LLP as the auditor of the Company.

On behalf of the Board

Lin Tzung-Liang
Co-Founder, Chairman, and Executive Director

Hong Kong, October 20, 2020

Our Company was listed on the Main Board of the Stock Exchange on March 27, 2019 — Stock Code 6819.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code since their respective appointment date and up to June 30, 2020.

BOARD OF DIRECTORS

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" of this annual report. The relationships between the members of the Board are also disclosed under the same section. The Board of the Company currently comprises seven members as follows:

Executive Directors

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

Non-executive Directors

Mr. Lin Kuo-Chang
Mr. Leo Hermacinski *(appointed on January 23, 2020)*

Independent Non-executive Directors

Mr. Hsieh Yu Tien *(appointed on January 23, 2020)*
Ms. Huang Yi-Fen *(appointed on January 23, 2020)*
Mr. Wong Man Chung Francis *(appointed on January 23, 2020)*

Chairman and CEO

The role of the Chairman is separate from that of the CEO to ensure a balance of power and authority. The Chairman is responsible for overseeing the functioning of the Board while the CEO is responsible for managing the Group's business. As at June 30, 2020, the Chairman of the Board is Mr. Lin Tzung-Liang, an executive Director, and the CEO of the Company is Mr. Michael James Sheehan, an executive Director.

The Chairman shall ensure that Board meetings are planned and conducted effectively, and all Directors are properly briefed on issues arising at Board meetings. He is also responsible for ensuring that the Directors receive adequate information in a timely manner, which must be accurate, clear, complete, and reliable. The Chairman shall also ensure the Board works effectively and discharges its responsibilities; all key and appropriate issues are discussed by the Board in a timely manner; good corporate governance practices and procedures are established; and appropriate steps are taken to provide effective communication with Shareholders and that views of Shareholders are communicated to the Board as a whole.

Independent Non-executive Directors

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

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

Appointment and Re-election of Directors

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

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

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge, and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company.

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

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

Continuous Professional Development of Directors

Our Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company. At the first occasion, every newly appointed Director receives a formal and comprehensive induction to ensure his/her appropriate understanding of the business and operations of the Company and full awareness of a directors' responsibilities and obligations under the Listing Rules and other relevant statutory requirements.

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

From January 1, 2019 and up to the Latest Practicable Date, the Company's attorneys provided periodic training sessions and in-depth learning summaries to the Directors. The sessions conducted by lawyers focused on corporate governance, directors' duties, responsibilities, and obligations under the Listing Rules.

BOARD COMMITTEES

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

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

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and Rule C.3 of the CG Code. The Audit Committee consists of three members, namely, Mr. Wong Man Chung Francis (independent non-executive Director), Ms. Huang Yi-Fen (independent non-executive Director), and Mr. Leo Hermacinski (non-executive Director). Mr. Wong Man Chung Francis is a Certified Public Accountant who possesses the appropriate accounting or related financial management expertise, and the chairman of the committee.

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

Since the Listing Date and up to June 30, 2020, the Audit Committee held four meetings. The members of the Audit Committee reviewed and discussed with the external auditors of the Company on the audited consolidated financial statements. They were of the opinion that these statements had complied with the applicable IFRS accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditors of the Group may request a meeting of the Audit Committee or with the committee chairman for informational or other purposes.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three members, namely, Mr. Hsieh Yu Tien (independent non-executive Director), Mr. Lin Kuo-Chang (non-executive Director), and Mr. Wong Man Chung Francis (independent non-executive Director). Mr. Hsieh Yu Tien is the chairman of the committee. The primary duties of the Remuneration Committee are to (i) develop and review the policies and the structure of the remuneration for our Directors; (ii) evaluate the performance of, and make recommendations on the remuneration packages and long-term incentive compensation or equity plans for, our Directors; and (iii) evaluate and make recommendations on employee benefit arrangements.

Since the Listing Date and up to June 30, 2020, the Remuneration Committee held two meetings to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Directors and other related matters.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule A5 of the CG Code. The Nomination Committee consists of three members, namely Mr. Lin Tzung-Liang (chairman of the Board and executive Director), Mr. Hsieh Yu Tien (independent non-executive Director), and Ms. Huang Yi-Fen (independent non-executive Director), with Mr. Lin Tzung-Liang being the chairman of the committee.

The primary functions of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors, and on matters of succession planning. In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, educational and cultural background, technical and professional skills, industry knowledge and reputation, gender, age, ethnicity, nationality, language skills, length of service and time to be devoted as a director, and where possible, maintain balance from such perspectives.

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

Since the Listing Date and up to June 30, 2020, the Nomination Committee held two meetings to consider and make recommendation to the Board the appointment of new Directors, and to review the structure, size and composition of the Board and the independence of the independent non-executive Directors.

Administration Committee

The Administration Committee is a sub-committee of the Board delegated with the power and authority to administer the RSA Scheme. The Administration Committee consists of two members, namely, Mr. Michael James Sheehan (CEO and executive Director) and Mr. Wong Man Chung Francis (independent non-executive Director). No meeting was held by the Administration Committee during the 18 months ended June 30, 2020 and up to the date of this report.

Director Nomination Policy

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

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board diversity policy of the Company that are relevant to the Company's business and corporate strategy.

- Any measurable objectives adopted for achieving diversity on the Board.

- Requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.

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

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

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

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

As regards selection and appointment of new Director:

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

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

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

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

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

As regards the re-election of a Director at a general meeting:

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

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

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

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

Board Diversity Policy

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

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

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

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

Corporate Governance Functions

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

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

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

Prior notice convening the Board meeting was dispatched to the Directors before the Board meeting and it sets out the matters to be discussed. At the meeting, the Directors were provided with the relevant documents to be discussed and approved to enable the Directors to make informed decisions. The company secretary of the Company is responsible for ensuring the procedures of the Board meeting are observed and keeping minutes for the Board meeting. Board minutes and presentations from the meetings are available for the Directors to review on the Company's board management system.

The Board held 11 meetings since the Listing Date and up to June 30, 2020. Details of the Directors' attendance at the Board and Board Committee meetings and the AGM held in 2019 are set out in the following table:

	Attendance/Number of meetings					
Name of Directors	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Administration Committee**	**Annual General Meeting**
Executive Directors						
Mr. Lin Tzung-Liang	11/11	2/2	N/A	N/A	N/A	1/1
Mr. Michael James Sheehan	11/11	N/A	N/A	N/A	N/A	0/1
Non-executive Directors						
Mr. Lin Kuo-Chang	11/11	N/A	2/2	N/A	N/A	0/1
Mr. Leo Hermacinski *(appointed on January 23, 2020)*	6/6	N/A	N/A	2/2	N/A	N/A
Mr. Sean Fang *(resigned on January 23, 2020)*	5/5	N/A	N/A	2/2	N/A	0/1
Independent Non-executive Directors						
Mr. Hsieh Yu Tien *(appointed on January 23, 2020)*	6/6	1/1	1/1	N/A	N/A	N/A
Ms. Huang Yi-Fen *(appointed on January 23, 2020)*	6/6	1/1	N/A	2/2	N/A	N/A
Mr. Wong Man Chung Francis *(appointed on January 23, 2020)*	6/6	N/A	1/1	2/2	N/A	N/A
Mr. Chan Kwok Wai *(resigned on January 23, 2020)*	5/5	1/1	N/A	2/2	N/A	0/1
Mr. Lo Chiang *(resigned on January 23, 2020)*	4/5	N/A	1/1	2/2	N/A	0/1
Mr. Shen Haipeng *(resigned on January 23, 2020)*	5/5	1/1	1/1	N/A	N/A	0/1

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the 18 months ended June 30, 2020. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report contained in this annual report.

AUDITORS' REMUNERATION

During the 18 months ended June 30, 2020, the Company transitioned auditors to KPMG, LLP from PricewaterhouseCoopers ("PwC").

The remuneration paid/payable to PwC for audit and non-audit services for the 18 months ended June 30, 2020 amounted to approximately US$409,000 and US$402,000, respectively (US$181,000 and US$1,496,000 as at December 31, 2018, respectively). The audit and audit-related services conducted by PwC mainly comprised of statutory audits and review on the interim results for the Group. The non-audit services conducted by the PwC mainly included professional services related to the IPO.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Internal audit performs assurance activities designed to evaluate and improve the effectiveness of the entity's governance, risk management and internal controls process. Key business controls and operational risks are identified and assessed by the internal audit director on a daily basis. The audit director reports functionally to the Audit Committee and administratively to the CEO. The Audit Committee reviews all material controls including operating, financial, technology, and compliance. Specifically, we have adopted and implemented comprehensive risk management measures in various aspects of our business operations such as operational, cyber, and legal risk management. Our internal control system safeguards our assets, ensuring compliance with laws and regulations, and enabling timely identification of key risks that may have impact on the Company.

Our senior management is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems. At least annually, the Board and/or the Audit Committee will assess the effectiveness of the risk management and internal control systems through the reviews performed by internal audit, senior management, and external auditors.

The Board has reviewed the effectiveness of the risk management and internal control systems of the Group, and the Board is not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the controller and reporting functions, platform security, and internal audit.

The risk management and internal controls systems are designed to prevent but will not eliminate every risk of failure to achieve business objectives. These systems only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has adopted appropriate procedures and controls for the handling and dissemination of confidential and inside information to support the confidentiality of information until the disclosure is approved and delivered appropriately.

COMPANY SECRETARY

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

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

Since the Listing Date and up to June 30, 2020, both joint company secretaries have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Dividend Policy

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

- Financial results;
- Cash flow situation;
- Business conditions and strategies;
- Future operations and earnings;
- Capital requirements and surplus;
- General financial condition;
- Contractual restrictions;
- Interests of the Shareholders;
- Any restrictions on payment of dividends; and
- Any other factors that the Board may consider relevant.

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

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

Pursuant to article 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

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

Contact Details

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

Address:	IntelliCentrics Global Holdings Ltd. Attention: Corporate Secretary 18/F, No. 1 Song Zhi Road Xin Yi District Taipei City, 11047 Taiwan
Fax:	(886) 287890901
Email:	vito_hung@intellicentrics.tw

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

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

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

For the purpose of the listing, the memorandum and articles of association was adopted and effective on the Listing Date. Save as disclosed above, there had been no significant changes in the constitutional documents of the Company during the 18 months ended June 30, 2020.

ABOUT THE REPORT

Introduction

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performance of the Group and demonstrates its commitment to sustainable development.

The Group publishes an ESG report each year. The previous ESG report for the 12 months ended December 31, 2018 was published in April 2019. The Group believes that low-carbon principle, conservation of resources and sustainable development are the social trends. In the pursuit of a successful and sustainable business model and to achieve continuous success, the Group recognises the importance of incorporating ESG concepts into its risk management mechanism and the corresponding measures are going to be taken from day-to-day operations and governance perspectives.

Reporting Period

Due to the change of financial year end as mentioned in the Company's announcement dated December 31, 2019, this ESG Report details the activities, challenges and measures taken by the Group with respect to ESG aspects for the 18-month period from January 1, 2019 to June 30, 2020 (the "Reporting Period").

Reporting Scope

Unless otherwise stated, the ESG Report mainly covers the Group's operation on the credentialing platform for compliance and security purposes in the healthcare industry, located in the U.S. and the UK, which contributed to the majority of the Group's operational cost for the Reporting Period. The Group will continue to assess the major ESG aspects of different businesses or its major subsidiaries to determine the reporting scope of the ESG Report.

Entities outside the scope of the ESG Report can be found in the Annual Report 2019/20 "Consolidated Statement of Financial Position — Notes to the Consolidated Financial Statements — Subsidiaries".

Reporting Framework

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Reporting Guide") as set out in Appendix 27 to the Listing Rules. The ESG Report also makes references to the Global Reporting Initiative ("GRI") Standards published in 2016. For details about referenced GRI indicators, please refer to the "GRI Content Index".

The Group's governance structure and practices has been set out in the Corporate Governance Practice section of the Annual Report 2019/20. This ESG Report has undergone the internal review process of the Group and was reviewed by the Board.

Contact Us

The Group welcomes comments and suggestions from stakeholders. You may provide your comments on the ESG Report or towards the Group's performance in respect of sustainability via email to: esgcomments@intellicentrics.com.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Group, we are pleased to present the second ESG Report of the Group for the Reporting Period, which reviewed the Group's sustainable development performance in respect of corporate governance, service quality, employee care, community engagement, and environmental protection.

We believe that our approach to sustainability issues and the ability to manage associated risks create tangible value for our business and for the communities we serve. Our technology platform heavily reduces the need for intensively manual paperwork, which not only expedites the screening and approval process to meet the aggressive time demands on the healthcare industry but also makes a tremendous effort to reduce paper usage.

Incorporating ESG considerations into the Group's governance is critical for enabling IntelliCentrics to manage sustainability challenges. By making sustainability interrelated to how IntelliCentrics does business, we are building solid foundations for continued growth to ensure that the Group carries on fulfilling stakeholders' expectations and playing a leadership role in the industry.

In our second ESG Report, we strengthened our engagement with stakeholders and conducted an online materiality assessment to better understand their concerns, expectations, and opinions regarding sustainability issues on the Group. We are also making a concerted effort to progressively incorporate environmentally friendly measures and initiatives into our business operations to help lessen the impacts brought on by climate change. As the Group opens its new offices in the UK and the U.S. in fiscal year 2021, we will take this as an opportunity to incorporate continuous improvement in our processes and optimise data collection practices as they relate to our sustainability approach in the years to come.

Today, communities across the world face uncertainty as COVID-19 spreads. We are highly vigilant of the impact brought on by COVID-19 to our employees and the healthcare industry. We have rapidly enacted the COVID-19 policy to provide our employees with a flexible work arrangement and have established a COVID-19 Solution Center on our website for our current and prospective customers and suppliers. The Group will continue to extend its leadership position as an operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry to create a safe and SEC^{3}URE environment for all.

Looking Forward to the Future

The Group will continuously adjust its sustainability strategies in the coming year and communicate its sustainability vision to the Group's employees. We will cooperate closely with different stakeholders to determine the best operation mode to sustain our business.

In closing, on behalf of the Board and the management team of IntelliCentrics, we would like to express my sincere gratitude to those whose dedication and tireless efforts assisted the Group in developing a more sustainable future in which all can thrive.

IntelliCentrics Global Holdings Ltd.

Lin Tzung-Liang
Co-Founder, Chairman, and Executive Director

ABOUT INTELLICENTRICS

IntelliCentrics is headquartered in the U.S. and has operations in the UK, Taiwan and Canada. As at June 30, 2020, the Group had a total of 186 employees. The Group mainly operates a credentialing platform for compliance and security purposes in the healthcare industry, which collects, processes and verifies data and information in accordance with the different requirements of LoCs so that the data and information can be trusted to determine whether the subscriber is compliant with the requirements. The Group currently offers two main services on its platform: vendor credentialing solution and medical credentialing solution and derive substantially all of its revenue from annual membership fees received from its paying subscribers for these solutions. The Group also offers certain “add-on” services to help our subscribers maintain verified status in a time- and cost-efficient manner.

For more than ten years, at more than 11,000 unique LoCs across multiple countries, the IntelliCentrics technology platform has been servicing and supporting a more efficient, compliant healthcare experience — all on a single instance of software. The Group has grown into the trusted compliance partner to more than 11,000 registered locations, worldwide, and it had more than 150,000 subscribers. The subscribers comprise representatives of pharmaceutical, medical device, and other healthcare suppliers as well as medical staff including doctors, nurses, technicians, and other healthcare practitioners.

With the vision “To be the world’s trusted solution for trust”, the Group has set forth the mission “Our mission in healthcare is to use trust to make high quality care as accessible as a good cup of coffee. Our customers trust in our relentless pursuit and delivery of our mission every day”. The Group puts forward the core values of “Aggressive Pursuit of our business objectives; Passion, energy & a deep need to compete and win; Consummate Student-dedicated to self-directed learning & improving; Emotional attachment to our company and goals; Provocative and innovative solutions; Conservation of Resources Force Multiply”. With its brand promise on “Vigilance, Trustworthy, Forward Thinking, Sharp, Helpful”, the Group built the SEC^{3}URE Ethos on three core principles — transparency, neutrality, and independence. This means complete trust across the care continuum which results in the best healthcare for all.

Alongside in striving to become the operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry, the Group will keep on exploring areas to achieve sustainability in its business operations.

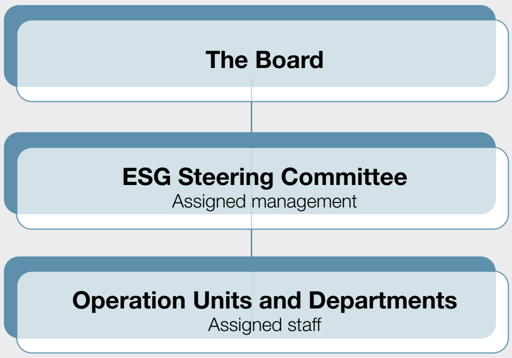
The Board, assigned management and staff have taken up different roles in managing ESG issues.

- The Board: Has the overall responsibility to lead and govern the Group and is responsible for managing and supervising the Group’s affairs. It sets the tone at the top for the Group’s ESG strategies and is responsible for ensuring effective risk management and internal controls.

- The ESG Steering Committee: Periodically reports to the Board, assist in assessing, identifying, and managing risks of the Group on ESG aspects, and reflect whether its internal control system is appropriate and effective by the assigned management.

- Operation Units and Departments: Implement sustainability-related policies and assist in data collection by the assigned staff.

The Group's ESG governance structure is summarised as follows:



As regards the corporate governance practices of the Group, the attendance rate of directors has been published in the Corporate Governance Report section of this annual report.

Stakeholder Engagement

Stakeholders, as a group directly related to the sustainable development of the Group, play an essential role in the decision-making process of the Group's ESG management system and policy making. The Group maintains full communication with its stakeholders (including individuals and organisations that have an impact on or are directly or indirectly impacted by our business) to help the Group assess its ESG decisions and the impact of internal control mechanisms, widely consider, truly understand and instantly respond to the needs of different stakeholders, while adjusting its development direction.

The Group communicates with different key stakeholders, including employees, investors and shareholders, customers, suppliers and partners, government and regulatory agencies as well as other external stakeholders through different channels and actively respond to the opinions and requests of stakeholders in the course of action. The communication channels between the Group and its key stakeholders are as follows:

Key stakeholders	Material topics and issues being raised	Communication channels	Communication frequency
Employees	• Employee health and safety • Employee development and training	Employee opinion survey Channels for employees' feedback (one-on-one meetings with Department Leader, etc.)	Regular Regular
	• Protection of employees' rights and interests	Management newsletter and performance evaluations	Regular
	• Employee work-family balance • Employee involvement in corporate governance	Intranet Staff seminars	Year-round Regular

Key stakeholders	Material topics and issues being raised	Communication channels	Communication frequency
Investors and shareholders	• Compliant operation • Business strategy • Economic performance	Annual general meeting Financial reports Announcements and circulars Investor conferences Investor relation officer Hotline	Regular Regular Regular Regular Year-round Year-round
Customers	• Product and service quality • Protection or data privacy • Cyber security • Responsible marketing • Stability of platform services	Customer satisfaction survey Customer service center Customer service manager Customer meetings and company visits	Year-round Year-round Year-round Year-round
Suppliers and partners	• Fair and open procurement • Sustainable development of supply chain • Fair treatment	Supplier management conferences and events	Regular
Government and regulatory agencies	• Compliant operation	Regular conference Performance report Written response to public consultation	Regular Regular Year-round
Other external stakeholders	• Product and service quality • Protection of data privacy • Stability of platform services • Transparent information disclosure	ESG reports Company website Social media	Annually Regular Year-round

The Group will take into account the expectations of its stakeholders when formulating the operational strategies and ESG measures and work together to continuously improve the Group's ESG performance to create a greater value for the community.

Materiality Assessment

In order to better understand the opinions and expectations of stakeholders on the Group's ESG performance, the Group conducted an annual assessment of material areas. The specific steps are as follows:

First stage

- Identify and confirm the list of ESG issues according to the Group's business development; and
- Cover a total of 14 topics with a significant impact on the economy, environment and society, as well as stakeholder assessments.

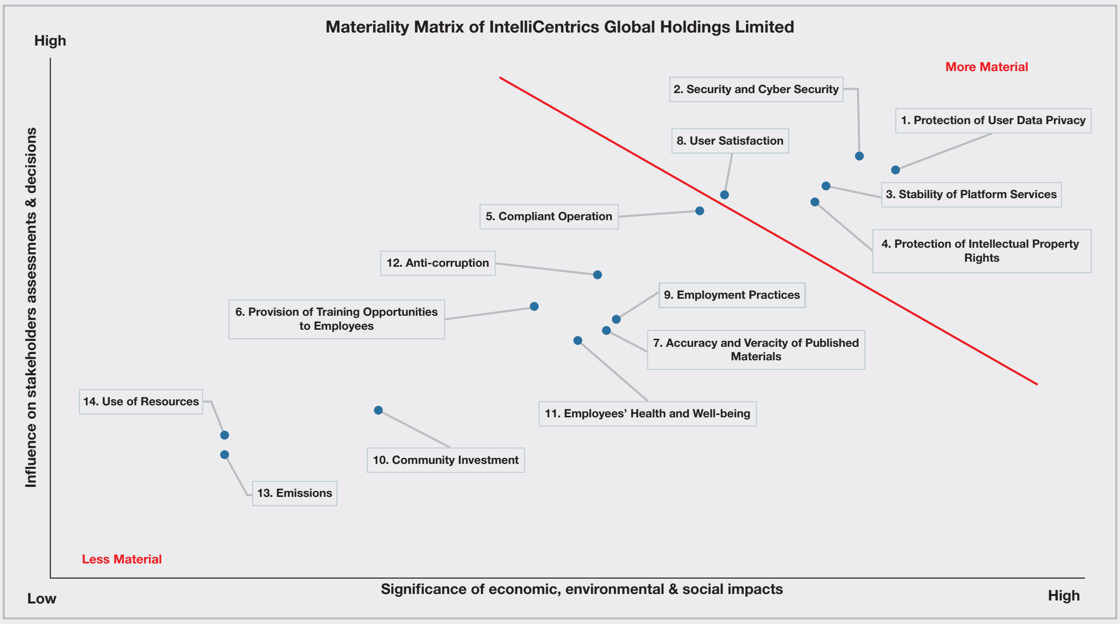
Second stage

- Conduct materiality assessment based on the core content of the issues in the list, design an online survey, invite stakeholders to assess the importance of the issues, and express their views on the Group's ESG aspects through open-ended questions; and
- Cover key stakeholders, including but not limited to ESG committee, employees, management and customers.

Third stage

- Analyze the 14 material topics based on the survey results from 146 responses for materiality assessment and prepare the materiality matrix; and
- Review the stakeholder opinions and materiality assessment results, discuss with management and determine the focus of the report disclosure, and the key points for improving ESG performance.

For the Reporting Period, the Group's materiality matrix of ESG issues is as follows:



According to the results of the materiality assessment, the topics of the greatest concern to the Group's stakeholders were protection of user data privacy, security and cyber security, stability of platform services, user satisfaction and protection of intellectual property rights.

The Group confirmed that appropriate and effective management policies and internal control mechanism for ESG issues are established and confirmed that the information disclosed in the ESG Report meets the ESG Reporting Guide.

Operating Practices

Product Responsibility

The satisfaction of customers is the cornerstone of the sustainable development of the Group. Therefore, the Group strives to optimize and improve the quality of products and services according to the requests of the customers.

For the Reporting Period, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant laws and regulations include, but are not limited to, the Health Insurance Portability and Accountability Act ("HIPAA") of the U.S., the Data Protection Act 2018 of the UK and the General Data Protection Regulation 2016/679 of the EU Law ("GDPR").

For the Reporting Period, no recalled products were recorded, and no complaints about material products and service were received.

Protection of User Data Privacy

As a credentialing platform provider, the protection of customer's data privacy is of utmost importance to the Group. The Group has established and implemented internal control policies and procedures for the access to and maintenance of sensitive information and data monitoring and protection and personal data privacy policies, including identification of what types of information would be subject to enhanced protection.

In addition, the Group has a policy to store data in the country from which such data was originated, and in some cases where necessary, setting up operations in the locale. Teams in each jurisdiction where the Group operates are responsible for monitoring developments in laws, regulations and policies regarding data privacy and protection so that it can stay current on the relevant regulations in each of these jurisdictions.

Data access is strictly monitored within the Group. Internal access privileges to user data must be approved by a senior manager and the Group does not share user data, nor is the platform used for advertising, eliminating many of the concerns surrounding data privacy. All data and documents are encrypted in transit and at rest in the Group's databases. All electronic communication between users and the Group's system occurs through high-grade encryption, and the Group employs a certified datacenter with guaranteed uptime to host its servers.

Apart from establishing comprehensive policies and procedures to better protect users' sensitive data, the Group arranges external online training courses from Thomson Reuters for its employees, such as HIPAA Privacy and Security, GDPR, Information Security and Cyber Risk Awareness, to ensure that employees are familiar with the proper handling method with regard to users' sensitive data.

Security and Cyber Security

As cyberattack prevention is a routine daily task, the Group has established internal procedures for defenses against cyberattack and utilise leading software packages for cyberattack prevention, coupled with AWS IAAS Cybersecurity capabilities. Furthermore, the Group has retained an outside firm that performs regular penetration testing on its network and reviews its procedures and policies annually.

With respect to data protection, the Group has established a set of internal policies to prevent security breaches and transmission of computer viruses, which is reviewed annually by the Quality Management Committee ("QMC").

Moreover, the Group backs up all data on a regular schedule and such data is shared between onsite and offsite locations. Virus scanning software, web filtering appliances and email filtering services have been installed on each of the Group's computers. Status of network, helpdesk tickets and backups are reviewed every two weeks during onsite meetings with the IT service partner, who also monitors the Group's Internet traffic and provides virus detection services. The Group also configures its network in a manner that isolates its databases from unauthorised access and protects it against cyberattacks. Physical access to the servers is restricted to personnel with an authorised badge with remote network access only available via VPN and authenticated against the Group's active directory service.

Stability of Platform Services

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

Protection of Intellectual Property Rights

The Group's success also depends in part upon the ability to protect its brand, core technology and intellectual property. To accomplish this, the Group relies on a combination of intellectual property rights, including trade secrets, copyrights, and trademarks, as well as customary contractual protections.

The Group utilises various internal and external measures to protect its proprietary technology and confidential information. Such measures include contractual protections with employees, contractors, members, and partners, as well as applicable copyright laws and trademark laws. The Group protects its intellectual property pursuant to customary contractual protections in the terms and conditions with subscribers that impose restrictions on the usage of its platform. The Group also seeks to avoid unauthorised disclosure of its intellectual property by relying on internal policies applicable to employees and consultants that acknowledge the Group's ownership of all intellectual property developed by the individual during the course of his or her work with IntelliCentrics. In addition, the Group enters into agreements with employees and consultants with provisions requiring each person to maintain the confidentiality of all proprietary information disclosed to them and to adhere to the Group's internal policies.

Accuracy and Veracity of Published Materials

The Group has established the Quality Improvement Policies and Procedures under its Quality Improvement Plan to utilise findings from aggregated data, customer input and employee suggestions to develop and execute quality improvement initiatives. The QMC is responsible for internal continuous quality improvement in order to maintain accuracy and completeness of credentials reports and files delivered to SEC^{3}URE customers. All members of the Operations Team are encouraged to identify and report opportunities for improvement to the Credentialing Manager.

Moreover, the Group emphasises the importance of proper advertising and compliance with relevant requirements of media advertisements. The Group has established relevant policies and procedures and it strictly complies with all relevant laws and regulations regarding proper advertising.

User Satisfaction

Providing satisfactory user experience and services has been one of the Group's top priorities. The Group had a team of customer service representatives dedicated to providing services to customers. The call center provides telephone support, and the Group also has a team dedicated to responding to online and email inquiries. The Group maintains a complaint resolution process that records and responds to customers' complaints in a timely manner, all of which are carefully documented for future improvement. The Group has formulated the Customer Complaint Resolution Process, Analysis of Activities and Complaints and Evidence of Action and Follow-up procedures under its Quality Improvement Plan.

For the Reporting Period, IntelliCentrics has obtained the following certifications, demonstrating its excellence services:

- The National Committee for Quality Assurance ("NCQA") Certification in CVO Application and Attestation Content for demonstrating compliance with the NCQA's requirements on the content of practitioner's applications;
- The NCQA Certification in Application Processing for demonstration compliance with NCQA's requirements on timely and accurate processing of applications;
- The NCQA Certification in Malpractice Claims History for demonstrating compliance with NCQA's requirement on the verification services of Malpractice Claims History;
- The NCQA Certification in Medical Board Sanctions for demonstrating compliance with NCQA's requirements on the verification service of Sanctions Against Licensure;
- The NCQA Certification in Medicare/Medicaid Sanctions for demonstrating compliance with NCQA's requirements on the verification service of Medicare/Medicaid Sanctions;
- The NCQA Certification in Ongoing Monitoring of Sanctions for demonstrating compliance with NCQA's requirements on the verification service of Ongoing Monitoring of Sanctions;
- The NCQA Certification in Board Certification for demonstrating compliance with NCQA's requirements on the verification of Board Certification Status;
- The NCQA Certification in License to Practice for demonstrating compliance with NCQA's requirements on the verification service of License to Practice; and
- The NCQA Certification in Work History for demonstrating compliance with NCQA's requirements on the verification service of work history.

Anti-corruption

The Group emphatically affirms its zero-tolerance policy regarding corruption, bribery, extortion, fraud, money laundering and all other behaviors that severely violate professionalism and work ethics. The Group has formulated anti-bribery policies, provided anti-bribery trainings and periodic updates on recent anti-bribery issues to the Group's employees, and conducted periodic audits of the Group's relevant operating units to ensure continued compliance with applicable anti-bribery laws and regulations and the Group's anti-bribery policies.

For the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Foreign Corrupt Practices Act of the U.S. and the Bribery Act 2010 of the UK. For the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Whistleblowing Mechanism

The Group has in place the Whistleblower Policy to ensure that allegations of business misconduct, malpractice or material irregularities at IntelliCentrics are fully investigated and addressed in compliance with the objectives of the leadership and the Audit Committee (the "AC"). The Whistleblower Policy was drafted in compliance with the requirements set out in Appendix 14 to the Listing Rules and was approved and adopted by the Board.

The policy applies to all domestic and international offices and subsidiaries of the Group. Whistleblowers may submit orally or in writing to the human resources departments, any member of the leadership or the AC. Each allegation made directly to the AC or forwarded to the AC by a member of the leadership shall be reviewed by the AC, the AC will determine the appropriate person(s) to carry out the investigation of such allegation. Consideration factors for selecting the appropriate person(s) is detailed in the policy.

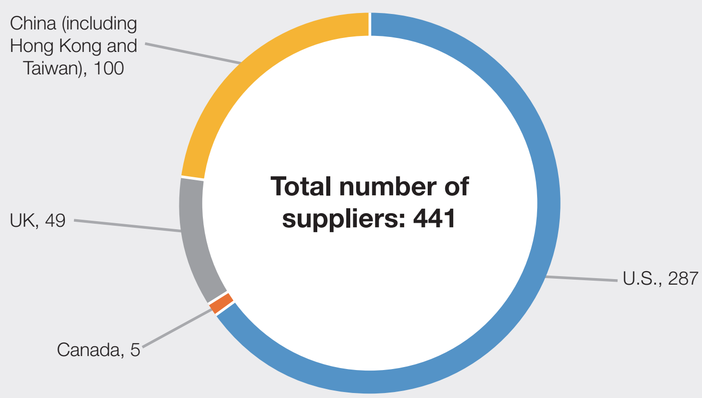
The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation or discrimination. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated. On the other hand, if any individual knowingly makes a false report, the individual may face disciplinary action, up to and including termination.

The AC has overall responsibility for the implementation, monitoring and periodic review of the Whistleblower Policy. In addition, the AC has delegated the day-to-day responsibility for administration of the policy to the Vice President of human resources.

Supply Chain Management

Supply chain management has always been one of the key aspects of the Group's operation. The Group formulated policies and guidelines for various aspects of its customer service, including standardised operating procedures and staff training. The Group also keeps track of the latest industry trends and customer needs such that it is in a better position to bring the best experience to customers. During the Reporting Period, the Group had a total of 441 suppliers from the U.S., the UK, Canada and China, breakdown of the Group's suppliers are as follows:

Breakdown of the Group's supplier data



The Group is committed to actively collaborating with suppliers to reduce potential social and environmental risks and deliver the highest standard of services precisely and consistently. The Group's Global Procurement Policy structures the purchasing processes and sourcing strategies to ensure that the goods and/or services IntelliCentrics acquires are the result of transparent, objective, timely and cost-effective decision making, and risk management, so as to ensure its business can efficiently source and obtain goods or services. The Group also pays attention to the environmental awareness of its suppliers. IntelliCentrics uses AWS for all of its data handling and storage and AWS is moving towards 100% renewable energy in their operation.

When IntelliCentrics selects suppliers, it follows the established policies to make sure that the nominated suppliers can meet the Group's various requirements in respect of capabilities of providing service, market reputation and track records in relation to compliance with legal, ethical and social aspects such as the use of child and forced labour, workplace health and safety, mitigation of environmental impacts, protocols against sexual and gender discrimination, and protocols against harassment and abuse. To maintain good corporate control and governance, inspections and assessments of suppliers may be conducted by the Group if necessary.

For the Reporting Period, 25% of new suppliers were screened using the above-mentioned environmental and social criteria. Moving forward, the Group aims to screen all suppliers for environmental impacts.

Compliant Operation

As a corporation that upholds business integrity, the Group emphasises on compliance management in its operation. It keeps abreast of the latest updates on local and international laws that are related to its operation and reviews related policies and procedures to comply with the best practices.

For the Reporting Period, the Group has obtained the NCQA Certification in DEA Certification for demonstrating compliance with NCQA's requirements on the verification service of DEA.

Employment and Labour Practices

Employment

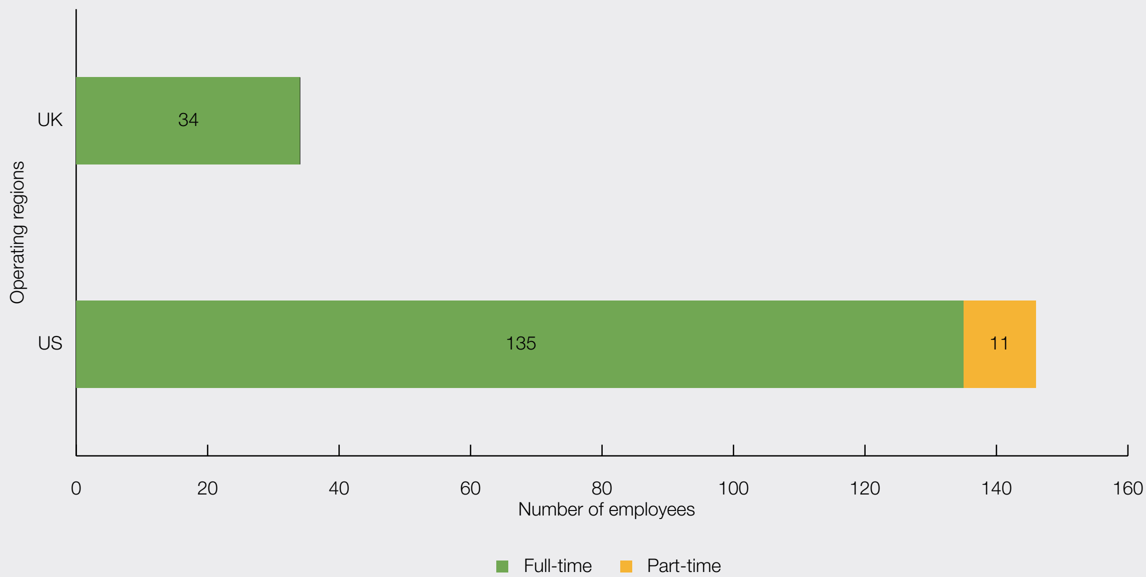
Human resources are the foundation in supporting the Group's long-term development. As an equal opportunity employer, the Group is committed to providing a working environment without discrimination. Hence, the Group has established relevant policies to fulfil its vision on people-oriented management and realising the full potential of employees. These policies cover recruitment, compensation, promotion, working hours and rest periods, diversity, and equal opportunity, etc.

For the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in respect to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Group is strictly complied with laws and regulations, such as the Fair Labour Standards Act ("FLSA") of the U.S., the Americans with Disabilities Act ("ADA") of the U.S. and the Employment Rights Act 1996 of the UK.

As at June 30, 2020, the Group had a total of 180 employees in its U.S. and UK operations, and the turnover rate was 2.8% and 3.3% in its U.S. and UK operations, respectively. Data regarding total workforce and employee turnover rate by gender and age group were not available due to limitations in the existing data collection system. Such information will be disclosed when the data collection system matures.

The following is the summary of the Group's employee data within the reporting scope:

Breakdown of the Group's employee data



Recruitment, Promotion and Dismissal

IntelliCentrics applies robust and transparent recruitment processes based on merit selection against the job criteria and recruits individuals based on their suitability for the position and potential to fulfil the Group's current and future needs. The Group has formulated the Position Requisition and Hiring Policy to establish the standards and procedures for the identification of staffing needs, the approval of vacant positions and the selection of individuals to fill those approved vacancies. Key elements of "Identifying Need, Position Request, Requisition Approval, Talent Acquisition, Selection, Offer, Onboarding and Orientation and External Recruiting Agencies" are stated in the policy to direct each leader in determining the need for new members of IntelliCentrics.

The promotion of the Group's employees is subject to review regularly. All employees received regular performance and career development review for the Reporting Period. The Group has established objective performance indicators for annual performance evaluation. Based on the evaluation results, the Group offers rewards to employees in encouraging continuous improvement.

IntelliCentrics recognises that members leave employment from time to time, voluntarily and involuntarily. Therefore, the Group has established the Separation of Employment Policy to minimise disruption and to facilitate a smooth transition when the Group's workforce changes. All involuntary separations must be coordinated with the executive responsible for the area and human resources. The executive and human resources must give advance approval for all involuntary separations. Unreasonable dismissal under any circumstances is forbidden in the Group.

Remuneration and Benefits

The basis for remuneration and promotion are job-related skills, qualifications and performances, ensuring that the Group treats and evaluates employees and applicants in a fair way and compensates employees relative to the industry and local labour markets in which the Group operates. Remuneration packages are competitive; individuals are rewarded according to their performance plus an annually reviewed framework of salary, working conditions, bonuses, and incentive systems. In addition, the Group strictly complies with applicable laws and regulations in terms of employer-employee relationship such as hours of work, minimum wages, overtime wages for exceeding a set number of hours per week, immigration, equal employment opportunity and fair employment practices, equal pay, employee benefits, mass layoffs, leave entitlements, collective bargaining, occupational safety and health, workers compensation, unemployment benefits, and affirmative action. Details of office hours, break times and other remuneration and benefits are clearly specified in the Group's Member Handbook.

Employees dressed up for Halloween.

Halloween Collage

Photobooth A

Photobooth B

Equal Opportunity, Diversity, Anti-discrimination

The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. With the Equal Employment Opportunity in its Member Handbook, the Group is dedicated to providing equal opportunities to all qualified individuals, regardless of their age, ancestry, race, color, religious creed, religion, sex, sexual orientation, national origin, citizenship, marital status, military or veteran status, physical or mental disability, pregnancy or other status protected by federal, state or local law. The policy of equal employment encompasses all aspects of the employment relationship, including hiring, evaluation, promotion and transfer, selection for training opportunities, wage and salary administration, and the application of benefit plans and the Group's policies.

In addition, the Group has established the Non-Discrimination and Non-Harassment Policy, committing to a work environment free from all forms of discrimination and unlawful harassment, including sexual harassment. It applies to all IntelliCentrics members and to the working relationships between IntelliCentrics members and applicants, customers, vendors, suppliers, independent contractors, and others with whom contact is necessary to perform company business.

Employees are encouraged to report on any suspected discrimination or harassment cases to the management which has clearly stated the Non-retaliation Policy to protect the interests of whistle-blowers. Any reported incident will be promptly and thoroughly investigated. If, as a result of the investigation, it is determined that any individual engaged in conduct that either constitutes harassment or otherwise violates IntelliCentrics' policies or rules of conduct, appropriate remedial or disciplinary action will be taken.

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. Internal administrative institutions were set up to manage the Group's employees in a professional manner when they were recruited and employed, so as to eliminate situations such as child labours and forced labours in the Group. Employees are hired in accordance with specific job requirements and talent matching process to build a sustainable workforce.

Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The human resources department also ensures identity documents are carefully checked so as to verify the information and prevent child labour. Moreover, the Group has adopted a Pay for Performance philosophy, and overtime compensation are clearly stipulated in the Group's Compensation Policy. The Group will follow related laws and regulations when calculating overtime pay.

For the Reporting Period, the Group was not aware of any non-compliance of laws and regulations in respect to preventing child and forced labour that are significant to the Group. The Group is strictly complied with laws and regulations, such as the Fair Labour Standards Act of the U.S. and the Employment Rights Act 1996 of the UK etc.

Provision of Training Opportunities to Employees

IntelliCentrics recognises the valuable contribution of its talents to the continued success of the Group, and it is committed to inspiring its human capital towards delivering excellence. The Group has established the Professional Development Policy, providing reimbursement for employees to participate in professional development programs. Professional development programs and activities may include but are not limited to attendance at courses, seminars, conferences, institutes, lectures, meetings, workshops, and participation in professional and technical associations.

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

For the Reporting Period, the Group has obtained the NCQA Certification in Education and Training, demonstrating compliance with NCQA's requirements on the verification service of Education and Training.

For the Reporting Period, the Group's employees have attended approximately 3,394 hours of training in total for professional development.

Employees' Health and Well-being

The Group is committed to providing a healthy and safe workplace for all its employees. The Workplace Safety and Security Policy was drafted and subsequently implemented in accordance with relevant health and safety laws and regulations. The policy establishes standards and procedures to provide a hazard-free work environment for its employees. Measures implemented and actions conducted to safeguard its employees include but are not limited to the following:

1. Purchasing ergonomic chairs and/or standing desks;

2. Providing healthy fruits and snacks;

3. Improving the lighting in the workplace;

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

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

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

Apart from establishing the aforementioned measures, the policy also details the complaint procedures with the intention of preventing a threat from being carried out, a violent act from occurring, or a life-threatening situation from developing. All IntelliCentrics personnel are responsible for notifying their department leader or to human resources any threats which they have witnessed, received, or have been told that another person has witnessed or received.

Day-to-day responsibility for the administration of the Workplace Safety and Security Policy lies with the Vice President of human resources. In addition, the policy is reviewed, and where necessary revised, periodically to ensure that the said policy continues to protect the health and safety of its employees.

For the Reporting Period, the Group was not aware of any non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health of 1970 of the U.S. and the Health and Safety at Work etc. Act 1974 of the UK.

For the Reporting Period, there were no recorded work-related fatalities and no lost days due to work injury. Lost days refer to time that cannot be worked as a consequence of worker or workers being unable to perform their usual work because of an occupational disease or accident defined by the relevant statutory provisions of the respective jurisdictions.

Response to COVID-19 Outbreak

With the outbreak of the COVID-19 pandemic, the Group is highly conscious of the potential health and safety impacts brought to its employees. The Group not only permitted flexible work arrangements but also swiftly enacted the COVID-19 policy which, among other things, left its employees with the discretion to decide when they would return to working at the offices. Apart from conducting additional sanitation procedures in its operations, face masks and hand sanitisers were made available for employees in its operations. In addition, employees were encouraged to exercise personal prudence, as well as wear masks and practice social distancing when in the office.

Community Investment

The Group recognises the importance of contributing to the local community where the Group operates and encourages its employees to actively engage in community activities. The Group has adopted relevant policy on community engagement which states its directions in engaging its employees in community participation and the selection criteria of the suitable donation partners. To ensure donations of the Group can be effectively allocated, the Group has assigned designated personnel to carefully select its donation partners every year.

For the Reporting Period, the Group has partnered with North Texas Food Bank on the Canned Food Drive Event and has raised a total of 910 pounds of canned food that will provide access to 758 meals for families in need in North Texas.

Employees donated canned food for families in need.

Food Drive Collage

Food Drive Collection

Environmental Aspects

Use of Resources

During the Group's operations, electricity and water are the resources being consumed. The Group continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations and is committed to optimising the use of resources in all of its business operations. The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

Energy Consumption

For the Reporting Period, electricity was the energy source consumed by the Group. Related energy policy has been developed to set energy conservation as one of the Group's fundamental policies. All employees must implement the adopted measures, including the purchase of energy-efficient products and services, and assume responsibility for the Group's overall energy efficiency. By building up an energy management system, the Group develops and regularly reviews its energy objectives and targets to continuously enhance the Group's energy performance. Unexpected high consumption of electricity will be investigated to find out the root cause and preventive measures will be taken.

Summary of energy consumption performance:

Types of energy	Unit	For the reporting period
Direct energy consumption		
Natural gas consumption	MWh	202.60
Indirect energy consumption		
Purchased electricity[1]	MWh	536.51
Total energy consumption	**MWh**	**739.11**
Intensity[2]	**MWh/m^2**	**0.32**

Notes:

(1) As the office in the UK is located in a fully serviced accommodation with all utilities provided, it is unable to assess the individual usage.

(2) For the Reporting Period, the total floor area for the Group's US and UK operations were 2,275.5 m^2. This number would also be used for calculating other intensity data.

The Group has performed the following measures to reduce energy consumption:

- Switching off electrical appliances when they are not in use;
- Adopting higher energy-efficiency office equipment in the workplace;
- Posting green messages on the information portal and message board to remind colleagues to support energy conservation; and
- Encouraging staff to participate in campaign or activities relating to the promotion of green environment.

Through these energy conservation measures, the employees' awareness on energy conservation has been enhanced.

Water Consumption

The water consumption of the Group is limited to basic cleaning and sanitation in the office. The Group encourages all employees to develop the habit of conserving water consciously. The Group has been strengthening its water-saving promotion, posting water saving slogans, and guiding employees to use water reasonably. Through these water conservation measures, the employees' awareness on water conservation has been enhanced.

As the offices in the U.S. and the UK are located in a fully serviced accommodation with all utilities provided, it is unable to assess the individual usage. Due to the Group's business nature and operations mainly based in the U.S. and UK, the issue in sourcing water that is fit for purpose is not relevant to the Group.

Use of Packaging Materials

The Group does not consume significant amounts of packaging materials for its product as it has no industrial production or any factory facilities.

Emissions

As an operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry, the Group strives to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. Considering its operations and ordinary course of business only lead to minimal environmental impacts, its emissions are limited to domestic sewage discharge and waste disposal that are mainly derived from the use of resources in its offices. Therefore, the Group makes efforts to continuously improve its environmental practice in internal operations.

Within the Group's policy framework, it continually looks for different opportunities to pursue environmentally friendly initiatives, enhances its environmental performance by reducing energy and use of other resources. In order to mitigate the environmental impact produced by the Group's operations, it has adopted and implemented relevant environmental policies and initiatives. These policies and initiatives apply the waste management principle of "Reduce, Reuse, Recycle and Replace" as well as emission mitigation principle, with objectives of minimising the adverse environmental impacts and ensuring the waste disposal or emissions being generated are conducted in an environmentally responsible manner.

The Group has been committed to protecting the environment and strictly complies with the national and local environmental laws and regulations, including but not limited to the Clean Air Act of the U.S., the Clean Water Act of the U.S., the Control of Pollution Act 1974 of the UK and the Environmental Protection Act 1990 of the UK. For the Reporting Period, the Group was not aware of any non-compliance with related environmental laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Air and GHG Emissions

Due to the Group's business nature, it considers the relevant air emissions generated are not significant.

The principal GHG emissions of the Group are generated from electricity consumption. The Group actively adopts electricity conservation and energy saving measures as well as other initiatives to reduce GHG emissions, including:

- Actively adopting measures for environmental protection, energy conservation, and water saving. Relevant measures are described in the section "Energy Consumption"; and

- Actively adopting paper saving measures in office. The relevant measures are described in the section "Waste Management".

Through the above GHG emissions mitigation measures, the employees' awareness of reducing GHG emissions has been enhanced.

The Group only had minimal activities that resulted in direct GHG emissions (Scope 1) during operations. Energy indirect GHG emissions (Scope 2) due to purchased electricity was the principal source of GHG emissions.

Summary of GHG emissions performance:

Indicator[1]	Unit	For the reporting period
Direct GHG emissions (Scope 1) — Natural gas	tCO_2e	363.39
Energy indirect GHG emissions (Scope 2) — Purchased electricity	tCO_2e	239.39
Total GHG emissions	**tCO_2e**	**602.78**
Intensity	**tCO_2e/m^2**	**0.26**

Note:

1. GHG emissions data are presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Bank Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2015 (AR5) and the latest grid emission factors from the U.S.

Sewage Discharge

The Group does not consume significant amounts of water in its business operations; therefore its business activities did not generate a material portion of discharges into water during the 18-month period ended June 30, 2020. The amount of sewage was considered as equivalent to that of water consumed. Since the wastewater discharged by the Group is discharged into the municipal sewage pipeline network for processing, the amount of water consumption of the Group represents the wastewater discharge volume. The data of wastewater discharge volume will be described in the section "Water Consumption". The majority of the water supply and discharge facilities are provided and managed by the property management company.

Waste Management

Hazardous waste handling method

During the Reporting Period, the Group only generated a limited amount of hazardous waste, consisting of e-waste (approximately 283.73 kg) and fluorescent lamps or bulbs (approximately 51.50 kg). The total amount of hazardous waste generated thus amounted to approximately 335.23 kg, with an intensity of 0.15 kg/m^2. The Group has established guidelines in governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which is complied with the relevant environmental laws and regulations.

Non-hazardous waste handling method

The Group emphasises carbon reduction and waste reduction with the principle of "Reduce, Reuse, Recycle and Replace" to promote better utilisation of environmental resources.

For the Reporting Period, the Group's total non-hazardous waste discharge was mainly office paper. With the aim of minimising the environmental impacts of non-hazardous wastes generated from its business operations, the Group has implemented relevant measures to handle such wastes and launched different reduction initiatives.

Summary of non-hazardous waste generated:

Types of non-hazardous waste	Unit	For the reporting period
Office paper	kg	837.92
Other paper products	kg	393.93
Plastic wastes	kg	363.84
Total non-hazardous waste	**kg**	**1,595.69**
Intensity	**kg/m^2**	**0.70**

During the Reporting Period, the Group recycled approximately 362.07 kg of office paper, approximately 86 kg of plastic wastes and approximately 67 kg of other paper products.

The Group's staff and assigned administrative staff in the workplace collectively take the responsibilities for waste management in the office, with reference to the established environmental policies, including but not limited to the following:

a. Utilising electronic communication where applicable such as e-brochures for distributing to customers;

b. Promoting the use of recycled paper and toner or environmentally friendly materials;

c. Reducing paper consumption by printing on both sides of paper;

d. Sorting recycled wastes into appropriate recycle bins, educating employees on sorting methods if needed; and

e. Placing appropriate signage on walls and bins, stating what type of waste or recyclable should be placed in the recycle bins.

Through the implementation of these waste management measures, the employees' awareness on waste management has been enhanced.

The Environment and Natural Resources

Although the core business of the Group has limited impact on the environment and natural resources, the Group recognises the responsibility in minimising the negative environmental impacts of its operations in achieving sustainable development to generate long-term values to its stakeholders and the community.

The Group works tirelessly to mitigate the environmental impacts of its activities through adopting industry best practices, targeted at the reduction of natural resources consumption and effective emission management. The Group regularly assesses its businesses' environmental risks and adopts preventive measures in reducing those risks and ensuring the compliance with relevant laws and regulations.

Promotion of Paperless Operations for Healthcare Industry

As a growing company, IntelliCentrics is striving to find a good measure that the Group can support its 11,000 locations and over 150,000 subscribers to reduce paper and carbon emissions. While supporting better healthcare security and practices, the services provided by IntelliCentrics enables the healthcare industry to move from paper files to technology, so as to save millions of pieces of paper each year.

Indoor Air Quality

Good indoor air quality is important as employees spend most of their time working at office. Indoor air quality in the workplace is regularly monitored and measured. Air pollutants, contaminants and dust particles are filtered out by air purifying equipment in the workplace, and regular cleaning of air conditioning system is conducted to ensure the indoor air quality is maintained at a satisfactory level.

The ESG Reporting Guide Content Index of the Stock Exchange

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions — Air and GHG Emissions; Sewage Discharge; Waste Management
KPI A1.1 ("comply or explain")	The types of emissions and respective emission data.	Emissions — Air and GHG Emissions (not applicable — explained)
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions — Air and GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions — Air and GHG Emissions
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Use of Resources — Energy Consumption; Water Consumption; Use of Packaging Materials
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Consumption
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Consumption
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials (not applicable — explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Promotion of Paperless Operations for Healthcare Industry; Indoor Air Quality

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1 (Recommended Disclosures)	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2 (Recommended Disclosures)	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employees' Health and Well-being
KPI B2.1 (Recommended Disclosures)	Number and rate of work-related fatalities	Employees' Health and Well-being
KPI B2.2 (Recommended Disclosures)	Lost days due to work injury.	Employees' Health and Well-being
KPI B2.3 (Recommended Disclosures)	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employees' Health and Well-being

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Provision of Training Opportunities to Employees
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment — Prevention of Child and Forced Labour
KPI B4.1 (Recommended Disclosures)	Description of measures to review employment practices to avoid child and forced labour.	Employment — Prevention of Child and Forced Labour
KPI B4.2 (Recommended Disclosures)	Description of steps taken to eliminate such practices when discovered.	Employment — Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1 (Recommended Disclosures)	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2 (Recommended Disclosures)	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 (Recommended Disclosures)	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2 (Recommended Disclosures)	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3 (Recommended Disclosures)	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Protection of Intellectual Property Rights
KPI B6.4 (Recommended Disclosures)	Description of quality assurance process and recall procedures.	Product Responsibility — Stability of Platform Services; Accuracy and Veracity of Published Materials; User Satisfaction
KPI B6.5 (Recommended Disclosures)	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Protection of User Data Privacy; Security and Cyber Security

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Anti-corruption
KPI B7.1 (Recommended Disclosures)	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2 (Recommended Disclosures)	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption — Whistleblowing Mechanism
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1 (Recommended Disclosures)	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2 (Recommended Disclosures)	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Global Reporting Initiative Content Index

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 102: Organisational profile		
102-1	Name of the organisation	Cover
102-2	Activities, brands, products, and services	Introduction
102-3	Location of headquarters	About IntelliCentrics
102-4	Location of operations	About IntelliCentrics
102-5	Ownership and legal form	Cover
102-6	Markets served	About IntelliCentrics
102-7	Scale of the organisation	About IntelliCentrics
102-8	Information on employees and other workers	Employment
102-9	Supply chain	Supply Chain Management
102-11	Precautionary Principle or approach	Product Responsibility
102-14	Statement from senior decision-maker	Chairman's Statement
102-16	Values, principles, standards, and norms of behavior	About IntelliCentrics
102-18	Governance structure	About IntelliCentrics
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	About the Report
102-46	Defining report content and topic Boundaries	About the Report

GRI Indicator	Description	Report chapter/Website reference and notes
102-47	List of material topics	Materiality Assessment
102-48	Restatements of information	Not applicable, as the Group does not have any issues that required to have any restatements of information.
102-49	Changes in reporting	About the Report
102-50	Reporting period	About the Report
102-51	Date of most recent report	About the Report
102-52	Reporting cycle	About the Report
102-53	Contact point for questions regarding the report	About the Report
102-55	GRI content index	Global Reporting Initiative Content Index
102-56	External assurance	We rely on the internal information monitoring and checking information samples to ensure its accuracy.
GRI 204: Procurement Practices		
103-1	Explanation of the material topic and its Boundary	Supply Chain Management
103-2	The management approach and its components	Supply Chain Management
103-3	Evaluation of the management approach	Supply Chain Management
204-1	Proportion of spending on local suppliers	Supply Chain Management

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 205: Anti-corruption		
103-1	Explanation of the material topic and its Boundary	Anti-corruption
103-2	The management approach and its components	Anti-corruption
103-3	Evaluation of the management approach	Anti-corruption
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 302: Energy		
103-1	Explanation of the material topic and its Boundary	Use of Resources — Energy Consumption
103-2	The management approach and its components	Use of Resources — Energy Consumption
103-3	Evaluation of the management approach	Use of Resources — Energy Consumption
302-1	Energy consumption within the organisation	Use of Resources — Energy Consumption
302-3	Energy consumption within the organisation	Use of Resources — Energy Consumption

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 303: Water		
103-1	Explanation of the material topic and its Boundary	Use of Resources — Water Consumption
103-2	The management approach and its components	Use of Resources — Water Consumption
103-3	Evaluation of the management approach	Use of Resources — Water Consumption
303-1	Water withdrawal by source	Use of Resources — Water Consumption
303-3	Water recycled and reused	Use of Resources — Water Consumption
GRI 305: Emissions		
103-1	Explanation of the material topic and its Boundary	Emissions — Exhaust Gas and GHG Emissions
103-2	The management approach and its components	Emissions — Exhaust Gas and GHG Emissions
103-3	Evaluation of the management approach	Emissions — Exhaust Gas and GHG Emissions
305-1	Direct (Scope 1) GHG emissions	Emissions — Exhaust Gas and GHG Emissions
305-2	Energy indirect (Scope 2) GHG emissions	Emissions — Exhaust Gas and GHG Emissions
305-4	GHG emissions intensity	Emissions — Exhaust Gas and GHG Emissions

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 306: Effluents and Waste		
103-1	Explanation of the material topic and its Boundary	Emissions — Sewage Discharge
103-2	The management approach and its components	Emissions, Sewage Discharge
103-3	Evaluation of the management approach	Emissions, Sewage Discharge
306-1	Water discharge by quality and destination	Sewage Discharge
306-2	Waste by type and disposal method	Waste Management
GRI 307: Environmental Compliance		
103-1	Explanation of the material topic and its Boundary	Emissions
103-2	The management approach and its components	Emissions
103-3	Evaluation of the management approach	Emissions
307-1	Non-compliance with environmental laws and regulations	Emissions
GRI 308: Supplier Environmental Assessment		
103-1	Explanation of the material topic and its Boundary	Supply Chain Management
103-2	The management approach and its components	Supply Chain Management
103-3	Evaluation of the management approach	Supply Chain Management
308-1	New Suppliers that were screened using environmental criteria	Supply Chain Management

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 403: Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	Employees' Health and Well-being
103-2	The management approach and its components	Employees' Health and Well-being
103-3	Evaluation of the management approach	Employees' Health and Well-being
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Employees' Health and Well-being
GRI 404: Training and Education		
103-1	Explanation of the material topic and its Boundary	Provision of Training Opportunities to Employees
103-2	The management approach and its components	Provision of Training Opportunities to Employees
103-3	Evaluation of the management approach	Provision of Training Opportunities to Employees
404-1	Average hours of training per year per employee	Provision of Training Opportunities to Employees
404-2	Programs for upgrading employee skills and transition assistance programs	Provision of Training Opportunities to Employees

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 405: Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its Boundary	Employment — Equal Opportunity, Diversity, Anti-discrimination
103-2	The management approach and its components	Employment — Equal Opportunity, Diversity, Anti-discrimination
103-3	Evaluation of the management approach	Employment — Equal Opportunity, Diversity, Anti-discrimination
405-1	Diversity of governance bodies and employees	Employment — Equal Opportunity, Diversity, Anti-discrimination
GRI 408: Child Labour		
103-1	Explanation of the material topic and its Boundary	Employment — Prevention of Child and Forced Labour
103-2	The management approach and its components	Employment — Prevention of Child and Forced Labour
103-3	Evaluation of the management approach	Employment — Prevention of Child and Forced Labour
408-1	Operations and suppliers at significant risk for incidents of child labour	Employment — Prevention of Child and Forced Labour

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 409: Forced or Compulsory Labour		
103-1	Explanation of the material topic and its Boundary	Employment — Prevention of Child and Forced Labour
103-2	The management approach and its components	Employment — Prevention of Child and Forced Labour
103-3	Evaluation of the management approach	Employment — Prevention of Child and Forced Labour
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Employment — Prevention of Child and Forced Labour
GRI 414: Supplier Social Assessment		
103-1	Explanation of the material topic and its Boundary	Supply Chain Management
103-2	The management approach and its components	Supply Chain Management
103-3	Evaluation of the management approach	Supply Chain Management
414-1	New suppliers that were screened using social criteria	Supply Chain Management
GRI 416: Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	Product Responsibility
103-2	The management approach and its components	Product Responsibility
103-3	Evaluation of the management approach	Product Responsibility
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 417: Marketing and Labelling		
103-1	Explanation of the material topic and its Boundary	Product Responsibility
103-2	The management approach and its components	Product Responsibility
103-3	Evaluation of the management approach	Product Responsibility
417-2	Incidents of non-compliance concerning product and service information and labeling	Product Responsibility — Accuracy and Veracity of Published Materials
417-3	Incidents of non-compliance concerning marketing communications	Product Responsibility — Accuracy and Veracity of Published Materials
GRI 418: Customer Privacy		
103-1	Explanation of the material topic and its Boundary	Product Responsibility
103-2	The management approach and its components	Product Responsibility
103-3	Evaluation of the management approach	Product Responsibility
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Responsibility — Protection of User Data Privacy

GRI Indicator	Description	Report chapter/Website reference and notes
GRI 419: Socioeconomic Compliance		
103-1	Explanation of the material topic and its Boundary	Employment; Employees' Health and Well-being; Product responsibility; Anti-corruption
103-2	The management approach and its components	Employment; Employees' Health and Well-being; Product responsibility; Anti-corruption
103-3	Evaluation of the management approach	Employment; Employees' Health and Well-being; Product responsibility; Anti-corruption
419-1	Non-compliance with laws and regulations in the social	Employment; Employees' Health and Well-being; Product responsibility; Anti-corruption

KPMG

The Board of Directors and Shareholders
IntelliCentrics Global Holdings, Ltd.:

OPINION

We have audited the accompanying consolidated financial statements of IntelliCentrics Global Holdings, Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of profit or loss and other comprehensive income or loss, changes in equity, and cash flows for the eighteen-month period then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020, and its consolidated financial performance and its consolidated cash flows for the eighteen-month period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United States of America, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Investments in promissory notes Refer to notes 3, 5, 23, 40, and 41 of the consolidated financial statements. The Group invested US$55.0 million of proceeds from its initial public offering of common stock in the promissory notes of four private investment entities. As of June 30, 2020, these investments totaled US$45.9 million and are presented in the consolidated statement of financial position as financial assets at fair value through other comprehensive income. Management, with the assistance of a valuation expert, used a discounted cash flow model to determine the fair value of each investment, which involved the exercise of significant judgment. We identified the investments in promissory notes to be a key audit matter because they are significant in relation to the Group's consolidated financial statements, were issued by private investment entities, and the valuation of the investments required the exercise of significant management judgment in determining the appropriate methodology and assumptions to be used in the valuation because the fair values of the promissory notes are not observable.	*Our audit procedures to assess the existence and valuation of the promissory notes included the following:* • Performed public records searches on the private investment entities, their sponsors, the third-party custodian, and management's valuation expert • Evaluated the objectivity, competence, and capabilities of management's valuation expert • Confirmed directly with authorized representatives of the private investment entities: — the existence and terms and conditions for each of the promissory notes — total assets, total liabilities, and net asset value of the private investment entities • Tested investment purchases by tracing to purchase agreements and custody statements • Tested investment redemptions by tracing transactions to redemption notices and bank statements • Involved auditor-employed valuation specialists with specialized skills and knowledge who assisted in determining independent fair value estimates and compared the results with the fair value estimates recorded by management.

Key audit matter	How our audit addressed the key audit matter
Capitalized development costs Refer to notes 3, 5, and 18 of the consolidated financial statements. As of June 30, 2020, the Group has capitalized development costs of US$8.0 million related to its healthcare technology platform, of which US$7.3 million was added in the 18-month period ended June 30, 2020. Management periodically reviewed planned project plan milestones and projections and recognized costs directly attributable to the development of its healthcare technology platform for capitalization as intangible assets when certain criteria were met as described in note 5, in particular if: • the costs incurred relate to a product that has reached technical feasibility; and • the development will generate probable future economic benefits. We identified the capitalization of development costs as a key audit matter because there is a higher degree of judgment necessary to determine if the development costs had met the criteria for capitalization, in respect to both whether capitalized costs related to qualifying development activities, and whether the criteria for capitalization were met.	*Our audit procedures to assess the capitalization of development costs included the following:* • Read and inspected product development plans prepared by project managers and management • Inquired of product development and finance and accounting teams to understand and assess whether the costs incurred were related to the healthcare technology platform, were technically feasible and would generate probable future economic benefits • Selected a sample of capitalized development costs and obtained supporting documents, including project details, employee timesheet details and invoices, and contract labor invoices, as applicable, to assess whether the costs capitalized were directly attributable to activities necessary to develop the healthcare technology platform.

OTHER MATTER

The consolidated financial statements of the Group as of and for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 26, 2019.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Erik Jensen.

KPMG LLP

Denver, Colorado
October 20, 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss

	Note	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Revenue	7	**54,648**	34,037
Cost of revenue	8	**(3,551)**	(2,089)
Gross profit		**51,097**	31,948
Selling and marketing expenses	8	**(8,914)**	(4,331)
General and administrative expenses	8	**(24,213)**	(12,839)
Research and development expenses	8	**(14,558)**	(8,839)
Other (losses)/gains, net	10	**(92)**	107
Operating profit		**3,320**	6,046
Finance costs	11	**(3,682)**	(1,281)
Finance income	12	**3,245**	856
Other non-operating income	13	**1,715**	—
Share of loss of a joint venture, net of tax	20	**(300)**	—
Profit before income tax		**4,298**	5,621
Income tax expense	14	**(2,062)**	(2,572)
Profit for the period		**2,236**	3,049
Other comprehensive loss:			
Item that will not be subsequently reclassified to profit or loss:			
— Equity instruments at FVOCI — net change in fair value	27	**(3,015)**	—
Item that may be subsequently reclassified to profit or loss:			
— Debt instruments at FVOCI — net change in fair value	27	**68**	—
— Currency translation differences		**(581)**	(580)
Other comprehensive loss for the period, net of tax		**(3,528)**	(580)
Total comprehensive (loss)/income for the period		**(1,292)**	2,469

	Note	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Profit/(loss) for the period			
Attributable to owners of the Company		**2,338**	3,049
Attributable to non-controlling interest	*37*	**(102)**	—
		2,236	3,049
Total comprehensive (loss)/income for the period			
Attributable to owners of the Company		**(1,190)**	2,469
Attributable to non-controlling interest	*37*	**(102)**	—
		(1,292)	2,469
Earnings per share attributable to owners of the Company for the period (expressed in US$ per share)			
— Basic and diluted	*15*	**0.005**	0.008

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
ASSETS			
Non-current assets			
Property, plant, and equipment, net	17	**4,131**	81
Goodwill and other intangible assets, net	18	**22,545**	17,156
Right-of-use assets, net	19	**1,538**	—
Deposits and prepayments	21	**348**	18
Restricted cash	22	**163**	15,050
		28,725	32,305
Current assets			
Financial assets at fair value through other comprehensive income	23	**47,925**	—
Deposits, prepayments, and other receivables	21	**2,518**	2,412
Restricted cash	22	**10,185**	6,450
Short-term bank deposits	24	**—**	260
Cash and cash equivalents	24	**7,795**	26,538
		68,423	35,660
Total assets		**97,148**	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	**(10,891)**	—
Other reserves	27	**(65,283)**	(62,260)
Retained earnings		**44,685**	42,347
		45,486	960
Non-controlling interests	37	**28**	130
Total equity		**45,514**	1,090

	Note	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*28*	—	29,690
Deferred income tax liabilities	*14*	3,565	2,110
Lease liabilities	*19*	914	—
		4,479	31,800
Current liabilities			
Borrowings	*28*	21,500	12,731
Lease liabilities	*19*	692	—
Trade payables	*29*	2,258	56
Other payables and provisions	*30*	3,389	3,762
Amounts due to related parties	*36*	44	24
Contract liabilities	*31*	19,259	17,258
Current income tax liabilities	*14*	13	1,244
		47,155	35,075
Total liabilities		51,634	66,875
Total equity and liabilities		97,148	67,965

The accompanying notes are an integral part of these consolidated financial statements.

The consolidated financial statements have been approved by the Board of Directors on October 20, 2020 and were signed on behalf of the Board.

Lin Tzung-Liang
Director

Michael James Sheehan
Director

Consolidated Statement of Changes in Equity

	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		35	2,838	–	8,318	39,298	50,489	–	50,489
Profit for the period		–	–	–	–	3,049	3,049	–	3,049
Other comprehensive loss									
– Currency translation differences		–	–	–	(580)	–	(580)	–	(580)
Total comprehensive income for the year		–	–	–	(580)	3,049	2,469	–	2,469
Transactions with owners:									
Deemed distribution	27	–	–	–	(70,000)	–	(70,000)	–	(70,000)
Proceeds from issuance of stock		2	17,998	–	–	–	18,000	–	18,000
Transactions with non-controlling interest		–	–	–	2	–	2	130	132
Total transactions with owners		2	17,998	–	(69,998)	–	(51,998)	130	(51,868)
As at December 31, 2018		37	20,836	–	(62,260)	42,347	960	130	1,090
As at January 1, 2019		**37**	**20,836**	**–**	**(62,260)**	**42,347**	**960**	**130**	**1,090**
Profit for the period		**–**	**–**	**–**	**–**	**2,338**	**2,338**	**(102)**	**2,236**
Other comprehensive income/(loss)									
– Equity instruments at FVOCI									
– net change in fair value	27	**–**	**–**	**–**	**(3,015)**	**–**	**(3,015)**	**–**	**(3,015)**
– Debt instruments at FVOCI									
– net change in fair value	27	**–**	**–**	**–**	**68**	**–**	**68**	**–**	**68**
– Currency translation differences	27	**–**	**–**	**–**	**(581)**	**–**	**(581)**	**–**	**(581)**
Total comprehensive income/(loss) for the period		**–**	**–**	**–**	**(3,528)**	**2,338**	**(1,190)**	**(102)**	**(1,292)**
Transactions with owners:									
Proceeds from issuance of shares	25	**9**	**60,569**	**–**	**–**	**–**	**60,578**	**–**	**60,578**
Acquisition of RSA shares	26	**–**	**–**	**(10,891)**	**–**	**–**	**(10,891)**	**–**	**(10,891)**
Share-based payment	27	**–**	**–**	**–**	**505**	**–**	**505**	**–**	**505**
Listing expense charged to share premium	25	**–**	**(4,476)**	**–**	**–**	**–**	**(4,476)**	**–**	**(4,476)**
Total transactions with owners		**9**	**56,093**	**(10,891)**	**505**	**–**	**45,716**	**–**	**45,716**
As at June 30, 2020		**46**	**76,929**	**(10,891)**	**(65,283)**	**44,685**	**45,486**	**28**	**45,514**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Cash flows from operating activities			
Cash generated from operations	34	12,681	8,565
Interest received		970	1,315
Interest paid		(1,915)	(1,281)
Income tax paid		(2,578)	(184)
Net cash flows generated from operating activities		9,158	8,415
Cash flows from investing activities			
Proceeds from release of restricted cash	22	26,500	23,968
Payment for restricted cash	22	(15,348)	(21,500)
Proceeds from release of short-term bank deposits	24	260	–
Payment for short-term bank deposits	24	–	(260)
Payment for acquisition of a joint venture	20	(300)	–
Payment for acquisition of a subsidiary	35	–	(2,949)
Payment for custodian fee		(1,650)	–
Purchase of financial assets	23, 40	(88,040)	–
Redemption of financial assets	23, 40	39,559	–
Purchase of property, plant and equipment	17	(3,942)	(68)
Payments related to intangible assets	18	(7,372)	(2,712)
Repayment of loans to related parties		–	9,100
Net cash flows (used in)/generated from investing activities		(50,333)	5,579
Cash flows from financing activities			
Repayments of borrowings	28, 34	(53,000)	(500)
Proceeds from borrowings	28, 34	31,500	42,421
Proceeds from issuance of shares	25	60,578	18,000
Acquisition of RSA shares	26	(10,891)	–
Deemed distribution	27	–	(70,000)
Listing expenses capitalised to equity		(4,476)	–
Principal payments on lease liabilities	19, 34	(1,005)	–
Payment for listing expenses in connection with IPO		–	(875)
Transactions with non-controlling interest		–	132
Net cash flows generated from/(used in) financing activities		22,706	(10,822)
Net (decrease)/increase in cash and cash equivalents		(18,469)	3,172
Cash and cash equivalents at the beginning of the period		26,538	23,714
Effects on exchange rate changes on cash and cash equivalents		(274)	(348)
Cash and cash equivalents at the end of the period	24	7,795	26,538

The accompanying notes are an integral part of these consolidated financial statements.

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 situated at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY11002, 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, Canada, and the United Kingdom (the "UK") (collectively, the "Listing Business").

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

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

As announced by the Company on December 31, 2019, the Company changed its financial year end date from December 31 to June 30. In light of the change in the financial year end, the Company's financial statements covered an 18-month period ended June 30, 2020 to align with the new financial year end. Management views that pro-forma financial statements covering a 12-month period ended December 31, 2019 would be less meaningful to the users of the financial statements.

The consolidated financial statements have been approved by the Board of Directors and were signed on behalf of the Board.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value. The consolidated financial statements have been prepared on a going concern basis.

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 4.

Details of the Group's accounting policies are included in Note 5.

2 BASIS OF PREPARATION (Continued)

The consolidated financial statements are presented in U.S. dollars, which is the Group's presentation currency.

The Group's consolidated financial statements have been prepared for an 18-month period as compared with the prior 12-month period and therefore the information is not fully comparable.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment of goodwill and intangible assets

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

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

(b) Useful lives and amortisation charges of intangible assets

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Current and deferred income taxes

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

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. As the tax estimate adjusts from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which the change occurs.

(d) Capitalisation of development expenditures

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

(e) Fair value measurement

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(g) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(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. The management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not yet adopted by the Group have not been applied as they are not expected to have a material impact on the Group's financial statements.

		Effective for annual periods beginning on or after
IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
Conceptual Framework for Financial Reporting	Amendment — Revised Conceptual Framework for Financial Reporting	January 1, 2020
IAS 1 and IAS 8	Amendment — definition of material	January 1, 2020
IFRS 3	Amendment — definition of a business	January 1, 2020
IFRS 17	Insurance contracts	January 1, 2021

(b) New standards, amendments and interpretations adopted by the Group

The Group has adopted all new standards, amendments and interpretations which have become effective this year. The following new standards, amendments and interpretations are the most relevant to the Group.

(i) IFRS 16 "Leases"

The Group has applied IFRS 16 using the modified retrospective approach which allows for the cumulative effect of adopting IFRS 16 to be recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods will not be restated. Upon adoption of IFRS 16, the Group recognised right-of-use assets and lease liability of US$514,000 on January 1, 2019, with no adjustment recognised in retained earnings.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New standards, amendments and interpretations adopted by the Group (Continued)

(i) IFRS 16 "Leases" (Continued)

On application of IFRS 16, the Group recognised 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%.

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

	As at January 1, 2019 US$'000
Building Lease	459
Motor vehicles	55
Total right-of-use assets	514

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New standards, amendments and interpretations adopted by the Group (Continued)

(i) IFRS 16 "Leases" (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

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

- Non-separation of lease and non-lease components and accounting for the lease and associated non-lease components as a single lease component;
- The application 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; this expedient was not applied to buildings and vehicles classes of assets;
- 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*.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Principles of consolidation and equity accounting

(a) Business combinations

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

Acquisition-related costs are expensed as incurred.

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

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

(b) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

(c) Non-controlling interest

Non-controlling interests ("NCI") are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Principles of consolidation and equity accounting (Continued)

(d) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(e) Interest in joint ventures

Interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise 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 recognised as a reduction in the carrying amount of the investment.

For entities accounted for under the equity method, when the Group's share of losses equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, until which time it has concluded additional investments, obligations, or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments are tested for impairment in accordance with the policy described in Note 5.8.

(f) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiary in the period the dividends declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

5.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The presentation currency is in U.S. dollars unless otherwise stated.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.2 Foreign currency translation (Continued)

(b) Transactions and balances

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

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

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.3 Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

5.4 Property, plant, and equipment

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

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

Depreciation is calculated to write off the cost of items of property, plant, and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss as follows:

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

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.5 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in goodwill and other intangible assets. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised, but it is tested for impairment (as described in Note 5.6) annually, or in the interim if events or changes in circumstances indicate that it might be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(b) Customer relationships acquired in a business combination

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.5 Intangible assets (Continued)

(c) Technology platform

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

- It is technically feasible to complete the technology so that it will be available for use;
- The management intends to complete the technology;
- The technology will be sold individually or increase the lifetime economic value of the platform product;
- The technology will generate probable future economic benefits;
- The management provides adequate technical, financial, and other resources to complete the development to generate the future economic benefit; and
- Expenses attributable to the technology during its development phase can be reliably measured.

Directly attributable development phase costs that are capitalised as an intangible asset as part of the technology platform product include third party's service costs and product development employee costs.

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

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

(d) Other

The Group amortises intangible assets with a limited useful life using the straight-line method over a 3-year period.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.6 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

Other non-financial assets (such as property, plant and equipment, intangible assets, and right-of-use assets, etc.) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("cash-generating units" or "CGU").

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or recognised, if no impairment loss had been recognised.

5.7 Investments and other financial assets

(a) 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 amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. 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 instrument at fair value through other comprehensive income ("FVOCI").

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.7 Investments and other financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised 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. When there is no reasonable expectation of recovering part or all of a financial asset, the carrying amount is written off.

(c) 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.

(d) 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. 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 fair value are recognised in OCI, except for the recognition of impairment gains or losses, finance income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in finance income or expense. 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 a separate line item in the statement of comprehensive income.

(e) 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 recognised in profit or loss as finance 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.8 Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at FVOCI, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying amount with a corresponding expense through profit or loss.

5.9 Offsetting financial instruments

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

5.10 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses outside valuation experts or valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.10 Fair value measurement (Continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

5.11 Cash and cash equivalents

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

Restricted cash refers to cash and cash equivalents that are held for specific reasons and not available for immediate business use. Restricted cash are presented as current assets unless they cannot be utilised within 12 months after the reporting date.

5.12 Share capital

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

5.13 Borrowings

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

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Trade and other payables

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

5.15 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

(i) Inside basis differences

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

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised. The carrying amount of recognised and unrecognised deferred income tax assets are reviewed at the end of each reporting period. Deferred income tax assets are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred income tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.15 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

(ii) Outside basis differences

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

(c) Offsetting

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

5.16 Employee benefits

(a) Employee leave entitlements

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

(b) Pension obligations

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

(c) Share-based payment arrangements

Share-based compensation benefits are provided to employees via the Pre-IPO Share Option scheme and the RSA Scheme. Information relating to these schemes is set out in Note 5.16(d) and Note 5.16(e).

(d) Pre-IPO Share Option Scheme

The fair value of options granted under the Pre-IPO Share Option Scheme is recognised as an employee benefits expense with a corresponding increase in share option reserve in equity. The total amount to be expensed is determined based on the fair value of the options granted.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.16 Employee benefits (Continued)

(d) Pre-IPO Share Option Scheme (Continued)

The total expense is recognised over the vesting period, which is the period over which all 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 recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share option reserve in equity.

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

(e) RSA Scheme

The Group also grants shares of the Company to employees under its RSA Scheme. Shares awarded under the RSA Scheme may or may not include a purchase price. The fair value of shares awarded without a purchase price is measured by reference to the shares' quoted market price at the grant date. The fair value of shares awarded with a purchase price is determined using the Black-Scholes option-pricing model. The value of the shares awarded is charged to comprehensive income over the respective vesting period. During the vesting period, the number of awarded shares that are expected to vest is reviewed. Any adjustment to the cumulative fair value recognised 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 the vesting date, the amount recognised 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 recognised in other equity as RSA Scheme shares is transferred to the share option reserve in equity.

5.17 Other equity

Where a member of the Group 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 under RSA Scheme 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 RSA Scheme are presented as other equity and deducted from contributed equity.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.18 Provisions

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

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

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

5.19 Revenue recognition

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

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

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

Control of the services is transferred over time if (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs; (ii) the Group's performance creates and enhances an asset that the customer controls as the Group performs; or (iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Revenue recognition (Continued)

(a) Revenue from contracts with customers

(i) *Credentialing and add-on subscription services:* Revenue from credentialing and add-on subscription services is recognised over the paid subscription period. This revenue is recognised as control of the services is transferred over time to the customers as they simultaneously receive and consume the benefits provided by the Group's performance. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation. Revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual days passed relative to the total contract period, as the Group's efforts or inputs are expended evenly throughout the performance period.

(ii) *Other add-on services:* Revenue from other add-on services, such as criminal background checks, immunisations and vaccinations (including drug and antibody testing), general and professional liability insurance referrals and certain pilot programmes, is recognised at a point in time when the services are rendered and our performance obligations are discharged. This revenue is recognised at a point in time when control of the services is transferred, and the Group has a present right to payment for the services. This occurs when the customers having accepted the services, have full discretion over the services, and there is no unfulfilled obligation that could affect the customers' acceptance of the services.

For immunisations and vaccinations, the Group acts as an agent and does not perform the service. As an agent, the Group is required by accounting standards to net the costs against the revenue and only report the net profit in revenue.

(b) Cost of Revenue

Cost of revenue consists primarily of (i) personnel costs (including salaries and benefits) for employees associated with our infrastructure, customer support, and professional service personnel, (ii) payment for processing fees, and (iii) payments to third party service providers in support of credentialing and add-on services, including eBadge related costs (including depreciation). Cost of revenues does not include amortisation of our internally developed platform which is allocated to R&D.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Revenue recognition (Continued)

(c) Contract balances

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

Contract assets: Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract liabilities: Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer. Contract liabilities of the Group mainly represent the membership fees prepaid by subscribers for which services have not been rendered. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the significant financing component.

Customer acquisition costs: Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained, or which are not otherwise recoverable from a customer, are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

5.20 Finance costs

Finance costs are expensed in the period in which they are incurred.

5.21 Finance income

The Group's finance income includes:

- Interest income on bank deposits, and debt instruments measured at FVOCI;
- Dividend income from equity instruments measured at FVOCI;
- Net gain on the disposal of debt investments measured at FVOCI;
- Foreign currency gain on financial assets;
- Impairment reversals on investments in debt securities carried at FVOCI.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.21 Finance income (Continued)

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group (Note 12).

Interest income is recognised in profit or loss in finance income.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

5.22 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below. The Group's lease portfolio consists of only operating leases under IAS 17.

Policies applicable from January 1, 2019

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as IT-equipment and small items of office furniture). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Group has elected to not apply the short-term exemption to buildings and vehicles classes of assets, thereby allowing short-term leases in these classes of assets to be accounted for under the provisions of IFRS 16.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.22 Leases (Continued)

Policies applicable from January 1, 2019 (Continued)

(a) Right-of-use assets (Continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

(b) Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The Group has elected to use the same incremental borrowing rate for leases with similar terms. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has elected this practical expedient and will not separate lease and non-lease components.

Policies applicable prior to January 1, 2019

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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.23 R&D expenses

R&D costs are expensed as incurred unless the development cost incurred has satisfied the recognition criteria for capitalisation as disclosed in Note 5.5(c). Amortisation of capitalised development cost are recognised as R&D expense.

5.24 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grants used to pay operating expenses are classified as cash flows from operating activities in the consolidated statement of cash flows. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Government grants relating to assets are classified as cash flows from financing activities in the consolidated statement of cash flows.

5.25 Segment reporting

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

5.26 Dividend distribution

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

5.27 Custodian fees for investments in debt instruments

Custodian fees for investments in promissory notes are expensed on a time proportion basis over the custody service period in finance costs.

6 SEGMENT INFORMATION

The CODM considers the Group's operations are operated and managed as a single segment; accordingly, no segment information is presented. This conclusion is based on the following analysis:

- The Group allocates resources and assesses performance of the overall operations of its businesses and not by geographical locations or product lines.
- The Group mainly operates its businesses in the USA and the majority of the revenues are substantially earned from external customers attributed to the USA.
- A substantial majority of the non-current assets excluding restricted cash of the Group are located in the USA.
- No other geographical region is currently deemed to be material to be viewed separately.

7 REVENUE

Substantially all fees are paid by subscribers at the inception of service. As at June 30, 2020, and December 31, 2018, the Company did not have any trade accounts receivable. The following table sets forth a breakdown of our revenue by solutions and add-on services for the periods indicated:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Vendor and Medical credentialing	**53,417**	32,265
Add-On Services	**1,231**	1,772
	54,648	34,037

7 REVENUE (Continued)

Disaggregation of Revenue from Contracts with Customers

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Timing of revenue recognition		
— Over time	**54,048**	33,562
— At a point in time	**600**	475
	54,648	34,037

The Group's revenues are substantially generated in the USA, with revenues attributed to the USA for the 18 months ended June 30, 2020 totaling US$53.6 million (US$33.7 million for the 12 months ended December 31, 2018).

8 EXPENSES BY NATURE

The following table sets forth a breakdown of the nature of our expenses for the periods indicated:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Employee benefits expenses and directors' emoluments(1)	**23,998**	11,101
Listing expenses	**4,189**	3,923
R&D professional service fees	**3,108**	3,304
Other professional service fees	**4,786**	1,303
Promotion and advertisement expenses	**2,633**	1,178
Maintenance	**2,927**	1,310
Payment processing fees(1)	**1,500**	976
Management service fee *(Note 36)*	**—**	939
Depreciation expense	**1,704**	63
Amortisation expense	**2,187**	256
Auditors' remuneration	**409**	181
Others(1)	**3,795**	3,564
Total cost of revenues, selling and marketing expenses, general and administrative expenses, and R&D expenses	**51,236**	28,098

Note:

(1) Employee expenses of US$612,000 (US$426,000 as at December 31, 2018), payment processing fees of US$1,500,000 (US$976,000 as at December 31, 2018), and other expenses of US$1,439,000 (US$687,000 as at December 31, 2018) have been charged in "Cost of revenue".

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENT)

Employee Benefits Expenses (including Directors' Emoluments)

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Wages and salaries	**19,530**	9,725
Bonuses	**2,066**	482
Pension costs — defined contribution plans	**337**	139
Other benefits	**2,065**	755
	23,998	11,101

Five highest paid individuals (excluding Directors' emoluments)

The five individuals whose emoluments were the highest in the Group include two Directors for both the 18 months ended June 30, 2020, and 12 months ended December 31, 2018, respectively, and their emoluments are reflected in the analysis shown in Note 39. The emoluments payable to the remaining three individuals for the years ended June 30, 2020, and December 31, 2018, are as follows:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Wages and salaries	**1,127**	726
Bonuses(1)	**468**	112
Pension costs — defined contribution plans	**34**	15
Other benefits	**71**	—
	1,700	853

Note:

(1) Bonuses reflect amounts paid during the period and are generally based on the performance of the Group for the previous year.

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENT) (Continued)

The emoluments fell within the following bands (excluding Directors' emoluments)

	18 months ended June 30, 2020	12 months ended December 31, 2018
	(number of individuals)	
Emoluments bands:		
HK$0 to HK$1,000,000	—	—
HK$1,000,001 to HK$1,500,000	—	—
HK$1,500,001 to HK$2,000,000	—	2
HK$2,000,001 to HK$2,500,000	—	—
HK$2,500,001 to HK$3,000,000	—	1
HK$3,000,001 to HK$3,500,000	1	—
HK$3,500,001 to HK$4,000,000	1	—
HK$4,000,001 to HK$4,500,000	—	—
HK$4,500,001 to HK$5,000,000	—	—
HK$5,000,001 to HK$5,500,000	—	—
HK$5,500,001 to HK$6,000,000	—	—
HK$6,000,001 to HK$6,500,000	1	—
	3	3

For the 18 months ended June 30, 2020, and the 12 months ended December 31, 2018, no Director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

10 OTHER (LOSSES)/GAINS, NET

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Foreign exchange (loss)/gain	(73)	397
Loss on disposal of property, plant and equipment	(6)	—
Other	(13)	(290)
	(92)	107

11 FINANCE COSTS

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Interest expense on bank borrowings	**1,904**	1,281
Acquisition and handling charge on investing accounts	**1,031**	—
Bank charges on bank borrowings	**704**	—
Interest expense on lease liabilities	**43**	—
	3,682	1,281

12 FINANCE INCOME

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Interest income from promissory notes	**2,505**	—
Interest income from bank deposits	**740**	770
Interest income from amounts due from related parties	**—**	86
	3,245	856

13 OTHER NON-OPERATING INCOME

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Government grant	**1,711**	—
Other	**4**	—
	1,715	—

Paycheck Protection Program. In April 2020, IntelliCentrics, Inc., our US operating subsidiary, applied for and received a loan of US$1.7 million from the Government of the USA under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan bears interest at 1% and has a stated term of 24 months. As of June 30, 2020, the Group met the qualifications outlined by the Small Business Administration (SBA), in consultation with the Department of the Treasury, for loan forgiveness of the full amount of the borrowing.

14 INCOME TAXES

Income tax expense

(a) **Cayman Islands corporate income tax ("CIT")**
Under the current tax laws of the 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 in the Cayman Islands. The Company is a tax resident in Hong Kong and subject to Hong Kong income tax.

(b) **United Kingdom CIT**
Entities incorporated in the UK are subject to UK CIT at a rate of 19% for both the 18 months ended June 30, 2020 and the 12 months ended December 31, 2018.

(c) **United States CIT**
The CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the US and was calculated in accordance with the relevant regulations of the US after considering the available tax benefits from refunds and allowances. The US Federal CIT rate is 21% for both the 18 months ended June 30, 2020 and the 12 months ended December 31, 2018. The Company files corporate state and local tax returns in the jurisdictions where it operates. In addition, upon payment of dividends by these companies to their shareholders, a withholding tax of 5% will be imposed.

14 INCOME TAXES (Continued)

Income tax expense (Continued)

(d) **Taiwan CIT**

Entities incorporated in Taiwan are subject to Taiwan CIT at a rate of 20% for each of the 18 months ended June 30, 2020 and the 12 months ended December 31, 2018. The Company is taxed in Taiwan because it is deemed to have a taxable presence there under Taiwan CIT law.

(e) **Canada CIT**

Entities incorporated in Canada are subject to Canada CIT at a rate of 26.5% for both the 18 months ended June 30, 2020 and the 12 months ended December 31, 2018.

(f) **Global income tax expense**

The components of global income tax expense charged to the consolidated statement of profit or loss and other comprehensive income or loss are as follows:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Current income tax	961	1,655
Return to provision	62	(157)
Deferred income tax	1,039	1,074
Income tax expense	2,062	2,572

The Company received approximately US$1.7 million in loan funding from the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The current guidance for the tax treatment of the PPP is not clear at the time. Contrary to the Internal Revenue Service' ("IRS") guidance, Section 1106 of the CARES Act states that the loan forgiveness is excluded from gross income. The loan is generally forgivable when a company uses the loan for specified purposes under the CARES Act; therefore, the Company decided to exclude the loan from gross receipts and recorded an uncertain tax position liability of approximately US$0.4 million.

In February 2020, Zengine Limited, our UK technology R&D subsidiary, qualified for R&D Tax Relief ("RDTR") for the tax period ended December 31, 2018 in the amount of GBP503,474 or approximately US$620,000. The RDTR was in recognition of Zengine Limited's technology development of the SEC^{3}URE Go! ("Go Badge"), and the Qualifications Requirement Graph and SEC^{3}URE Link ("Scheduling"). The benefit was recorded as a reduction to income tax expense in the 18 months ended June 30, 2020.

14 INCOME TAXES (Continued)

Income tax expense (Continued)

(f) **Global income tax expense** (Continued)

The Company has no tax on the components of other comprehensive income.

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

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Profit before income tax	4,298	5,621
Tax calculated based on applicable statutory rate	3,074	1,181
Effect on differences in applicable tax rate	43	77
Tax effect of amounts which are not deductible for tax purpose	(169)	1,247
Texas Franchise Tax overpayments	(527)	—
R&D tax credit	(620)	(61)
Tax loss not recognised as deferred tax assets	143	108
Withholding tax relating to certain subsidiaries' income	(681)	224
Uncertain Tax Position	413	—
Return to provision	62	(157)
State Income Taxes	439	—
Other	(115)	(47)
Total	2,062	2,572

14 INCOME TAXES (Continued)

Deferred Income Taxes

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

(a) Deferred tax assets

	Depreciation US$'000	Gain/loss on fixed assets US$'000	Accrued bonus US$'000	Related parties' loss US$'000	Bad debt US$'000	Net operating loss US$'000	Total US$'000
At January 01, 2018	17	5	219	157	3	–	401
Credited/(charged) to consolidated statement of comprehensive income	9	(5)	(100)	(81)	(3)	–	(180)
At December 31, 2018	26	–	119	76	–	–	221
Credited/(charged) to consolidated statement of comprehensive income	**(26)**	**4**	**113**	**(76)**	**–**	**289**	**304**
At June 30, 2020	**–**	**4**	**232**	**–**	**–**	**289**	**525**

(b) Deferred tax liabilities

	R&D capitalisation US$'000	Depreciation US$'000	Amortisation US$'000	Withholdings tax US$'000	Right-of-use/lease liability US$'000	PPP tax uncertainty US$'000	Total US$'000
At January 01, 2018	–	–	(992)	(510)	–	–	(1,502)
Charged to consolidated statement of comprehensive income	(495)	–	(175)	(224)	–	–	(894)
Exchange translation differences	27	–	–	38	–	–	65
At December 31, 2018	(468)	–	(1,167)	(696)	–	–	(2,331)
Charged to consolidated statement of comprehensive income	(1,071)	(708)	(274)	681	(2)	(413)	(1,787)
Exchange translation differences	13	–	–	15	–	–	28
At June 30, 2020	**(1,526)**	**(708)**	**(1,441)**	**–**	**(2)**	**(413)**	**(4,090)**

Deferred income tax assets are recognised for tax loss carryforwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at June 30, 2020, the Group did not recognise deferred income tax assets of US$1.4 million in relation to the tax jurisdiction in the UK and Canada. Of the US$5.8 million in tax losses, US$2.6 million does not expire. The US$3.2 million of Canadian tax losses expires in 20 years from the year the loss was recognised.

15 EARNINGS PER SHARE

Basic 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.

	18 months ended June 30, 2020	12 months ended December 31, 2018
The Group's profit attributable to owners of the Company (US$'000)	2,338	3,049
Weighted average number of shares in issue ('000s)	441,931	358,896
Basic earnings per share (US$ per share)	0.005	0.008

Diluted 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 RSA Scheme) to assume conversion of all dilutive potential ordinary shares. The Group has no dilutive potential ordinary shares during the 18 months ended June 30, 2020, or the 12 months ended December 31, 2018, and accordingly the diluted earnings per share equals the basic earnings per share.

16 DIVIDENDS

No dividends have been paid or declared by the Company for the 18 months ended June 30, 2020, nor for the 12 months ended December 31, 2018.

17 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Subscriber equipment US$'000	Total US$'000
At January 1, 2018					
Cost	373	548	181	—	1,102
Accumulated depreciation	(365)	(503)	(179)	—	(1,047)
Net book amount	8	45	2	—	55
Period ended December 31, 2018					
Additions	41	51	—	—	92
Depreciation expense	(19)	(43)	(1)	—	(63)
Exchange translation difference	(1)	(2)	—	—	(3)
Closing net book amount	29	51	1	—	81
At December 31, 2018					
Cost	330	595	179	—	1,104
Accumulated depreciation	(301)	(544)	(178)	—	(1,023)
Net book amount	29	51	1	—	81
Period ended June 30, 2020					
Additions	**215**	**4**	**259**	**4,194**	**4,672**
Disposal	**—**	**(6)**	**—**	**—**	**(6)**
Depreciation expense	**(66)**	**(24)**	**(1)**	**(529)**	**(620)**
Exchange translation difference	**4**	**—**	**—**	**—**	**4**
Closing net book amount	**182**	**25**	**259**	**3,665**	**4,131**
At June 30, 2020					
Cost	**465**	**576**	**438**	**4,194**	**5,673**
Accumulated depreciation	**(283)**	**(551)**	**(179)**	**(529)**	**(1,542)**
Net book amount	**182**	**25**	**259**	**3,665**	**4,131**

Cost and accumulated depreciation are each presented net of disposals and foreign exchange differences amounting to US$101,000 for the 18 months ended June 30, 2020 (US$87,000 for the 12 months ended December 21, 2018).

Depreciation expense of US$529,000 (US$0 at December 31, 2018) has been charged in "Cost of revenue", US$3,000 (US$4,000 at December 31, 2018) has been charged in "Selling and marketing expenses", US$65,000 (US$47,000 at December 31, 2018) has been charged in "General and administrative expenses" and US$23,000 (US$12,000 at December 31, 2018) has been charged in "Research and development expenses" for the 18 months ended June 30, 2020.

18 GOODWILL AND OTHER INTANGIBLES ASSETS

	Goodwill US$'000	Software US$'000	Customer relationship US$'000	Technology platform US$'000	Others US$'000	Total US$'000
At January 1, 2018						
Cost	9,575	2,637	5,464	—	1,272	18,948
Accumulated amortisation and impairment	(1,115)	(2,631)	(2,213)	—	(1,272)	(7,231)
Net book amount	8,460	6	3,251	—	—	11,717
Period ended December 2018						
Opening net book amount — January 1, 2018	8,460	6	3,251	—	—	11,717
Additions	2,871	—	343	2,712	—	5,926
Amortisation charge	—	(5)	(251)	—	—	(256)
Exchange translation difference	(149)	—	(18)	(64)	—	(231)
Closing net book amount	11,182	1	3,325	2,648	—	17,156
At December 31, 2018						
Cost	12,217	2,625	5,747	2,648	1,234	24,471
Accumulated amortisation and impairment	(1,035)	(2,624)	(2,422)	—	(1,234)	(7,315)
Net book amount	11,182	1	3,325	2,648	—	17,156
Period ended June 30,2020						
Opening net book amount — January 1, 2019	**11,182**	**1**	**3,325**	**2,648**	**—**	**17,156**
Additions	**72**	**473**	**—**	**7,339**	**—**	**7,884**
Amortisation charge	**—**	**—**	**(465)**	**(1,722)**	**—**	**(2,187)**
Exchange translation difference	**(79)**	**—**	**5**	**(234)**	**—**	**(308)**
Closing net book amount	**11,175**	**474**	**2,865**	**8,031**	**—**	**22,545**
At June 30, 2020						
Cost	**11,175**	**3,098**	**5,858**	**9,711**	**1,234**	**31,076**
Accumulated amortisation and impairment	**—**	**(2,624)**	**(2,993)**	**(1,680)**	**(1,234)**	**(8,531)**
Net book amount	**11,175**	**474**	**2,865**	**8,031**	**—**	**22,545**

18 GOODWILL AND OTHER INTANGIBLES ASSETS (Continued)

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
USA operation	**8,460**	8,460
UK operation	**2,715**	2,722
Total	**11,175**	11,182

Amortisation expense of US$0.5 million (December 31, 2018: US$0.3 million) has been charged in "General and administrative expenses" and US$1.7 million (December 31, 2018: US$5,000) has been charged in "Research and development expenses" for the 18 months ended June 30, 2020.

Since December 31, 2018, US$7.3 million of additional R&D cost were capitalised in relation to the development of the technology platform.

An impairment test is to be carried out on an annual basis unless indicators would trigger an impairment loss during an interim period. With the change in the Company's year-end from December to June, the Company has elected to shift its annual impairment test date so that it remains in the fourth quarter of the financial year. Goodwill was tested for impairment as of an April 1, 2020 impairment test date.

USA operation (US CGU)

The Group is relying on the recoverable amount from the period ended December 31, 2018, in the current period:

- The assets and liabilities making up the unit has not changed significantly since year end 2018;

- The recoverable amount for the US CGU, which is based on value-in-use calculations from the fourth quarter 2018, resulted in an amount that exceeded the carrying amount of the unit by a substantial margin;

- Based on an analysis of events that have occurred and circumstances that have changed since the October 31, 2018 impairment test date, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the US CGU is remote.

18 GOODWILL AND OTHER INTANGIBLES ASSETS (Continued)

USA operation (US CGU) (Continued)

The key assumptions used during the impairment analysis performed in 2018 to which the calculation of value-in-use for the US CGU is most sensitive are operating profit margin, terminal sales growth rate and pre-tax discount rate. The values assigned to these key assumptions reflect past experience. In considering the sensitivity of the key assumptions, management determined that there is no reasonably possible change in the key assumptions that would result in the recoverable amount of any of the CGUs to be less than the carrying amount.

The key assumptions are defined below:

- Terminal sales growth rate — The terminal sales growth rate is based on the historical data and management's expectation on the future market. The terminal sales growth rate used was 2.70%.

- Operating profit margin — The operating profit margin is based on the operating profit margin achieved in the year immediately before the budget year, adjusted for management's expectation on the future efficiency improvements and market development. The operating profit margin used was 14.21%.

- Pre-tax discount rate — The pre-tax discount rate reflects specific risks relating to the relevant unit, which is determined using the capital asset pricing model with reference to the market information. The pre-tax discount rate used was 15.40%.

UK operation (UK CGU)

The goodwill and intangibles for the UK CGU are related to the WAY transaction that took place in December 2018. Management is relying on the acquisition purchase accounting study completed for the 2018 transaction and has performed an analysis to determine if there were any impairment indicators during the period since that date. Management determined the impairment of assets was remote based on a review of the triggering factors.

19 RIGHT-OF-USE ASSETS INCLUDING LEASE LIABILITIES

The Group leases various offices, motor vehicles and office equipment. Rental contracts are typically made for fixed periods of 1 to 5 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.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-Use Asset	Buildings US$'000	Vehicles US$'000	Office equipment US$'000	Total US$'000
At January 1, 2019	459	55	—	514
Additions to right-of-use assets	1,959	194	14	2,167
Depreciation charge for the year	(1,037)	(44)	(3)	(1,084)
Derecognition of right-of-use assets	—	(46)	—	(46)
Foreign currency translation adjustment	(14)	1	—	(13)
At June 30, 2020	**1,367**	**160**	**11**	**1,538**

Lease Liabilities	As at June 30, 2020 US$'000
Non-current portion	**914**
Current portion	**692**
Total	**1,606**

As of June 30, 2020, the Company's lease liabilities mature as follows (US$'000):	Future minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	**756**	**(64)**	**692**
After 1 year but within 2 years	**318**	**(42)**	**276**
After 2 years but within 5 years	**684**	**(46)**	**638**
Total	**1,758**	**(152)**	**1,606**

19 RIGHT-OF-USE ASSETS INCLUDING LEASE LIABILITIES (Continued)

Amounts recognised in profit or loss	18 months ended June 30, 2020 US$'000
Depreciation expense on right-of-use assets	1,084
Interest expense on lease liabilities	43

The Group had total cash outflows for leases of US$1.0 million for the period. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 32a.

20 INTERESTS IN A JOINT VENTURE

In February 2019, the Group contributed US$0.3 million to a joint venture of the Group, Sciencare. Sciencare was incorporated in the PRC with limited liability. Sciencare is a health technology business supporting the development of a healthcare credit system in PRC and is committed to providing patients with genuine and reliable healthcare services. As of June 30, 2020, 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 32b.

As at June 30, 2020, the Company's carrying amount in the joint venture has been reduced to nil as the joint venture exhausted the first investment of funds. The Company expects to invest additional funds into the joint venture and to receive funds from the technology licensing agreement. As such, the Company deems this interest to be immaterial and has not disclosed the separate financial statements of the joint venture. There are no significant restrictions on the ability of the joint venture to transfer funds to the Group.

No dividends were received from the joint venture during the 18 months ended June 30, 2020.

21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Non-current:		
Deposits and prepayments	**348**	18
	348	18
Current:		
Other receivables	**64**	147
Prepaid expenses	**1,770**	1,025
Current income tax receivable-federal	**486**	—
Current income tax receivable-state	**193**	—
Short-term bank deposits	**5**	—
Deferred listing expenses	**—**	1,240
	2,518	2,412
Total	**2,866**	2,430

The Group considered that the carrying amounts of deposits and other receivables approximated to their respective fair values as at June 30, 2020 and December 31, 2018.

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

22 RESTRICTED CASH

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Restricted cash — Non-current	**163**	15,050
Restricted cash — Current	**10,185**	6,450
Total	**10,348**	21,500

22 RESTRICTED CASH (Continued)

As at June 30, 2020 and December 31, 2018, the bank deposits of US$10.3 million and US$21.5 million respectively were restricted deposits held as security for certain banking borrowings of the Group as disclosed in Note 28.

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

23 FINANCIAL ASSETS AT FVOCI

The financial assets at FVOCI is comprised of the following:

	Fair value at June 30, 2020 US$'000	Fair value at December 31, 2018 US$'000
Investment in equity instruments	**2,025**	—
Investment in debt instruments	**45,900**	—
Total	**47,925**	—

On August 20, 2019, the Group acquired the listed equity securities of AerKomm Inc. The Group purchased 118,000 shares of AerKomm Inc. representing approximately 1.3% of the issued and outstanding shares as at June 30, 2020 at the cost of US$5.0 million. AerKomm Inc. is a service provider of in-flight connectivity and entertainment solutions using wireless technology. The company is interested in the wireless technology for the medical industry. With the pandemic, valuations of solutions supporting travel have been negatively impacted. As of June 30, 2020, the value of the investment reduced to US$2.0 million. The Group designated the investment as equity securities at FVOCI. No dividend was received from this investment. No strategic investments were disposed of during the current reporting period, and there were no transfers of any cumulative gain or loss within equity relating to this investment.

On March 27, 2019, the Group invested in promissory notes with an aggregate principal amount of US$55.0 million issued by private enterprises, by utilizing the gross 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$28.0 million and utilised the proceeds to invest in another two promissory notes issued by private enterprises. The par value of the promissory notes as at June 30, 2020, was US$43.4 million. The promissory notes are denominated in US$ and carry an interest rate of 4.5% per annum. The promissory notes have a maturity of three business days upon a redemption notice by the Group. The term of the notes is two year and includes a rollover option. The Group intends to exercise its right to request redemption within the next 12 months and accordingly, classifies the promissory notes as current assets. At June 30, 2020, these promissory notes were stated at their fair value of US$45.9 million as determined by management.

Please refer to Notes 40 and 41 for further information on fair value measurement, significant judgements, risks, and uncertainties.

24 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Cash on hand	**12**	12
Bank balances	**7,783**	17,526
Time Deposits	**—**	9,000
Cash and cash equivalents	**7,795**	26,538
Short-term bank deposits	**—**	260
Maximum exposure to credit risk	**7,783**	26,786

As at June 30, 2020, there were no time deposits or short-term bank deposits. The effective annual interest rate and original maturities of the time deposits and short-term bank deposits of the Group as at December 31, 2018 are as follows:

Type of time deposit	Terms	Interest Rate
Time deposits	1 month	2.00%
Short-term bank deposits	12 months	1.50%

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
USD	**6,282**	25,567
HKD	**1,193**	23
GBP	**267**	1,053
CAD	**28**	80
NTD	**21**	75
EUR	**4**	—
Total	**7,795**	26,798

25 SHARE CAPITAL AND SHARE PREMIUM

As at June 30, 2020, the Company had 620,000,000 authorised number of shares at par value of US$0.0001 each (December 31, 2018: 620,000,000 at par value of US$0.0001). The authorised share capital totaled US$62,000 (December 31, 2018: US$62,000).

	Number of ordinary shares ('000s)	Share capital US$'000	Share premium US$'000	Total US$'000
As at January 1, 2018	348,000	35	2,838	2,873
Issuance of ordinary shares[(1)]	20,571	2	17,998	18,000
As at December 31, 2018	368,571	37	20,836	20,873
Issuance of ordinary shares[(2)(3)]	**88,541**	**9**	**60,569**	**60,578**
Transaction costs attributed to the listing	**—**	**—**	**(4,476)**	**(4,476)**
As at June 30, 2020	**457,112**	**46**	**76,929**	**76,975**

Notes:

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

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

(3) 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.

All ordinary shares rank equally with regard to the Group's residual assets.

26 OTHER EQUITY

	As at June 30, 2020	As at December 31, 2018
Acquisition of shares by RSA Scheme (US$'000)	**10,891**	—
Number of ordinary shares (in thousands)	**14,354**	—

On April 26, 2019, the Company's Board adopted a RSA 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 are to recognise 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.

As of June 30, 2020, 1,850,000 restricted shares have been granted under the Scheme.

27 OTHER RESERVES

	Capital reserve US$'000	Share option reserve US$'000	Fair value reserve US$'000	Foreign currency translation reserve US$'000	Total US$'000
As at January 1, 2018	8,368	—	—	(50)	8,318
Deemed distribution[(a)]	(70,000)	—	—	—	(70,000)
Currency translation differences	—	—	—	(580)	(580)
Transaction with non-controlling interests *(Note 37)*	2	—	—	—	2
As at December 31, 2018	(61,630)	—	—	(630)	(62,260)
Share-based payment[(b)]	**—**	**505**	**—**	**—**	**505**
Equity investments at FVOCI — net change in fair value	**—**	**—**	**(3,015)**	**—**	**(3,015)**
Debt instruments at FVOCI — net change in fair value	**—**	**—**	**68**	**—**	**68**
Currency translation differences	**—**	**—**	**—**	**(581)**	**(581)**
As at June 30, 2020	**(61,630)**	**505**	**(2,947)**	**(1,211)**	**(65,283)**

(a) Deemed distribution

On April 16, 2018, the Company acquired the entire equity interest in Victos from ICTW, a company ultimately controlled by Controlling Shareholder for a cash consideration of US$70.0 million and this transaction was treated as a deemed distribution.

(b) Share-based payment arrangement

(i) Description of share-based payment arrangements

At June 30, 2020, the Group had the following share-based payment arrangements.

- Pre-IPO Share Option Scheme

  On February 18, 2019, the Company executed a share option plan and granted 11,535,000 options to acquire shares of the Company's stock with the exercise price of US$0.875 per share according to the Company's Board of Directors resolution. The share option period was 6 years from the date of grant and the share options lapse at the end of the share option period. 20% of the options 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 18 months ended June 30, 2020, 3,027,500 shares options were lapsed due to resignation of staff. The share-based payment expense incurred for the Pre-IPO Option Plan for the 18 months ended June 30, 2020, was US$464,000. As at June 30, 2020 the share options granted had no intrinsic value as the share price was below the exercise price.

27 OTHER RESERVES (Continued)

(b) Share-based payment arrangement (Continued)

(i) Description of share-based payment arrangements (Continued)

- Pre-IPO Share Option Scheme (Continued)

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Director of our Company			
On February 18, 2019	5,000,000	5 years	6 years
Senior Management of our Company			
On February 18, 2019	1,800,000	5 years	6 years
Other Employees in Aggregate and Consultants of Our Group			
On February 18, 2019	1,707,500	5 years	6 years
Total number of instruments	8,507,500		

- RSA Scheme

The Company adopted the RSA Scheme by the Board's resolutions dated April 26, 2019. The purposes of the RSA Scheme are (a) to provide Selected Participants with an opportunity to acquire a propriety interest in the Company; (b) to encourage and retain such individuals to work with the Group; (c) to provide additional incentive for them to achieve performance goals; (d) to attract suitable personnel for further development of the Group; and (e) to motivate the Selected Participants to maximise the value of the Company for benefits of both the Selected Participants and the Company, with a view to achieving objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to the shareholders of the Company through ownership of Shares. The duration of the scheme is 10 years. The administration of the scheme is by the Administration Committee of the Company as determined by the Board. The Administration Committee approves the grants, vesting schedule, purchase price of the shares, and all other functions of the plan. The plan may be used for a supplemental incentive, a performance-based incentive, and time-based awards. Prior to vesting the shares are held in the employee share trust which is managed at Computershare Hong Kong Investor Services Limited according to the rules of the trust.

27 OTHER RESERVES (Continued)

(b) Share-based payment arrangement (Continued)

(i) Description of share-based payment arrangements (Continued)

- RSA Scheme (Continued)
  The restricted shares granted are subject to the rules of the RSA and shall be vested in four even tranches at 25% annually on the dates of the grants.

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Senior Management of our Company			
On December 9, 2019	1,000,000	4 years	10 years
On May 4, 2020	850,000	4 years	10 years
Total number of instruments	1,850,000		

(ii) Measurement of fair values

The inputs used in the measurement of the fair values at grant date and measurement date of the Pre-IPO Share Option Scheme and RSA Option Scheme.

	Pre-IPO Option Scheme	RSA Option Scheme
Model used	Black-Scholes Model	Black-Scholes Model
Weighted average fair values at the grant date (US$)	0.098	0.109
Weighted average share price at grant date (US$)	0.680	0.649
Weighted average exercise price (US$)	0.875	0.879
Expected volatility (%)	30.40%	26.46%
Expected life of share options (years)	4.5	5.86
Expected dividend yield (%)	2.33%	—
Risk–free interest rate (%)	2.53%	1.12%

The volatility measured by tracing the histories of stock price volatility of comparable companies during comparable period.

27 OTHER RESERVES (Continued)

(b) Share-based payment arrangement (Continued)

(iii) Reconciliation of outstanding share options

The following table shows the number and weighted average exercise prices of, and movements in, share options under the Pre-IPO Share Option Scheme and the RSA Option Scheme during the year.

	Pre-IPO Option Scheme		RSA Option Scheme	
	Number of share options	**Weighted average exercise price** (US$ per share)	**Number of share options**	**Weighted average exercise price** (US$ per share)
At January 1, 2019	—	—	—	—
Granted during the reporting period	11,535,000	0.875	1,850,000	0.879
Forfeited during the reporting period	(3,027,500)	0.875	—	—
Options outstanding at June 30, 2020	**8,507,500**	**0.875**	**1,850,000**	**0.879**
Options exercisable at June 30, 2020	1,701,500	0.875	—	—

The following table shows the weighted average remaining contractual life of the Pre-IPO Share Option Scheme and the RSA Option Schemes outstanding at the end of the reporting period.

Share Option Scheme Name	**Weighted Average Remaining Contractual Life Outstanding**
Pre-IPO Option Scheme	4.65 years
RSA Option Scheme	8.82 years

(iv) Expense recognised in profit or loss

The Group recognised total expenses of US$0.5 million related to equity-settled share-based payment transactions for the period ended June 30, 2020.

27 OTHER RESERVES (Continued)

(c) Other reserve nature and purpose

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Capital reserve	The capital reserve represents consolidated share capital of the subsidiaries, after elimination of inter-company investments, deemed contribution from or deemed distribution to Controlling Shareholder.
Share option reserve	The share option reserve comprises the share-based payments for share options that are equity-settled.
Fair value reserve	The fair value reserve comprises: — the cumulative net change in the fair value of equity securities designated at FVOCI; and — the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.
Foreign currency translation reserve	The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

28 BORROWINGS

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Long-term bank borrowings	–	42,421
Less: Current portion of long-term bank borrowings	–	(12,731)
Non-current bank borrowings	–	29,690
Short-term bank borrowings	21,500	–
Add: Current portion of long-term bank borrowings	–	12,731
Current bank borrowings	21,500	12,731
Total	21,500	42,421

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Within 1 year	21,500	12,731
After 1 year but within 2 years	–	29,690
Total	21,500	42,421

28 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, 2020 US$'000	As at December 31, 2018 US$'000
6 months or less	**21,500**	42,421

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

	As at June 30, 2020	As at December 31, 2018
Interest rates	**3.02%–6.84%**	3.30%–4.45%

Bank borrowings are secured by certain bank deposits of the Group as disclosed in Note 22.

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

29 TRADE PAYABLES

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Current	**2,206**	—
0–30 days	**52**	56
Total	**2,258**	56

The Group considered that the carrying amounts of trade payables approximated to their respective fair values as at June 30, 2020 and December 31, 2018.

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

30 OTHER PAYABLES AND PROVISIONS

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Salaries and bonuses payable	**1,228**	956
Listing expense payable	**—**	1,127
Professional service fee payable	**1,064**	556
Other tax payable	**—**	191
Others	**1,097**	932
Total	**3,389**	3,762

The Group considered that the carrying amounts of other payables and provisions approximated to their respective fair values as at June 30, 2020 and December 31, 2018.

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

31 CONTRACT LIABILITIES

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Contract liabilities	**19,259**	17,258

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as of the end of each financial period. The portion to be recognised over the next 12 months will be classified as current liabilities in the consolidated statement of financial position. The following table shows how much of the revenue recognised in the current reporting period relates to carry forward contract liabilities.

31 CONTRACT LIABILITIES (Continued)

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of each financial period.	17,258	15,807

All contract liabilities are amortised within one year.

32 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") for the global headquarter location with lease terms of 90 months. The leased premise is located in Flower Mound, Texas, United States, and is currently under construction with an estimated completion date in December 2020. The future cash outflows exposure under the total lease, which has yet to be recognised in the measurement of lease liabilities, is approximately US$5.8 million.

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Within 1 year	—	309
After 1 year but within 2 years	785	30
After 2 years but within 5 years	2,474	—
After 5 years	2,587	—
Total	5,846	339

32 COMMITMENTS (Continued)

(b) Capital commitments

Contracted but not provided for

On May 16, 2018, the Group contracted to inject an initial capital contribution to a joint-venture, Sciencare 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, 2020.

33 CONTINGENT LIABILITIES

In April 2018, a former employee of the Group's subsidiary, IntelliCentrics, Inc., filed a lawsuit in Denton County, Texas, U.S., against IntelliCentrics, Inc. The former employee asserted certain claims: breach of employment agreement and age discrimination. As of the date of this report, the lawsuit is ongoing. In review of the status with our external counsel, the Group believes that there will be a positive outcome and no provision is recorded.

On June 1, 2020, Repifi Vendor Logistics, Inc. filed a patent infringement lawsuit against IntelliCentrics, Inc. and IntelliCentrics Global Holdings Ltd. in the Eastern District of Texas. The lawsuit alleges that IntelliCentrics' visitor access and credentialing systems marketed as SEC^{3}URE Go! for use on the SEC^{3}URE Ethos technology platform infringe on U.S. Patent No. 10,304,268. Based on a preliminary review of the patent information and status with our external counsel, the Group does not infringe the patent, therefore, no provision is recorded.

Except as disclosed above, as of June 30, 2020, the Group did not have other material contingent liabilities.

34 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Profit before income tax	4,298	5,621
Adjustments for:		
Depreciation	1,704	63
Amortisation	2,187	256
Interest income	(3,245)	(856)
Interest expense	1,947	1,281
Accretion of debt discount	579	—
Equity-settled share-based payment transactions	505	—
Share of loss of a joint venture	300	—
Gain on derecognition of lease liabilities	(54)	—
Loss on derecognition of right-of-use assets	46	—
Changes in working capital:		
Deposits, prepayments and other receivables	1,776	834
Amounts due from related parties	—	123
Trade payables	999	2
Contract liabilities	2,001	1,219
Other payables and provisions	(382)	644
Amounts due to related parties	20	(622)
Cash generated from operations	12,681	8,565

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

34 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Reconciliation of liabilities arising from financing activities

	Liabilities from financing activities			
	Borrowings due within 1 year US$'000	Borrowings after 1 year but within 2 years US$'000	Lease liability US$'000	Total US$'000
As at January 1, 2018	500	—	—	500
Cash flows	12,231	29,690	—	41,921
As at December 31, 2018	12,731	29,690	—	42,421
Adoption of IFRS 16	—	—	514	514
January 1, 2019	**12,731**	**29,690**	**514**	**42,935**
Cash flows	**8,600**	**(30,100)**	**(1,005)**	**(22,505)**
Non-cash amounts recognised in profit or loss	**169**	**410**	**—**	**579**
New leases	**—**	**—**	**2,167**	**2,167**
Derecognition of lease liability	**—**	**—**	**(54)**	**(54)**
Foreign exchange movement	**—**	**—**	**(16)**	**(16)**
As at June 30, 2020	**21,500**	**—**	**1,606**	**23,106**

35 BUSINESS COMBINATIONS

Who Are You Limited

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

A purchase price allocation exercise was performed with reference to the business valuation prepared by an independent professional valuer. The fair value on acquisition date of the acquisition price, assets acquired, and liabilities assumed on acquisition date was recorded in goodwill as at December 31, 2018.

36 RELATED PARTIES TRANSACTIONS

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

- A person or a close member of that person's family is related to the Group if that person has control, joint control, or significant influence over the Group or is a member of its key management personnel.
- An entity is related to a Group if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the Group, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

The following individuals and companies are related parties of the Group that had balances and/or transactions with the Group for the 18 months ended June 30, 2020, and 12 months ended December 31, 2018:

Names of the Related Parties	Nature of Relationships
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
Connell Interiors, LLC	Controlled by a family member of the Chief Operations Officer
Leo Hermancinski (Consulting)	Controlled by a Board Member
Ocin Corp.	Ultimate holding company

Each of the related parties' transactions have been reviewed by operating and financial management. As they are less than 1% of the total spend of the Company, they are considered insignificant transactions.

36 RELATED PARTIES TRANSACTIONS (Continued)

The following transactions were carried out with related parties:

(a) Key management compensation

Key management includes directors and senior management of the Group.

Compensation of the key management personnel of the Group, including directors' remunerations, was as follows:

	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Wages and salaries	3,678	1,443
Bonuses[1]	1,326	469
Pension cost — defined contribution plans	56	22
Other benefits	287	—
Total	5,347	1,934

Note:

(1) Bonuses reflect amounts paid during the period and are generally based on the performance of the Group for the previous year.

(b) Transactions with key management personnel

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

	Transactions		Balances	
	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Office rental expense[1]	456	182	44	24
Consulting services[2]	88	—	—	—
Management service fee[3]	—	939	—	—
Interest income[4]	—	85	—	—
Total	544	1,206	44	24

36 RELATED PARTIES TRANSACTIONS (Continued)

Notes:

(1) The Group rents office space in Taiwan from VTC. The office space is used by the Chairman and other employees of the Group located in Taiwan. Amounts due under this agreement are non-trade in nature, unsecured, interest free, repayable on demand and denominated in US$.

(2) The Company entered into a contract with Connell Interiors, LLC for interior decorating consulting for our new headquarters facility for US$88,000. Connell Interiors, LLC is owned and operated by a family member of the Chief Operations Officer and defined as a related party. The contract was approved and signed by the Group's Chief Executive Officer. During the current reporting period, the Company spent US$88,000 on the services.

(3) 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 have ceased since May 2018.

(4) Interest income charged on amounts due from related parties that was fully settled by October 31, 2018.

37 NON-CONTROLLING INTERESTS

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

37 NON-CONTROLLING INTERESTS (Continued)

The following table summarises the information relating to the Group's subsidiary, IntelliCentrics Zengine (Hong Kong) Company Limited, that has material NCI, before any intra-group eliminations:

Summarised statement of financial position	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Non-current assets	—	—
Current assets	93	395
Total assets	93	395
Non-current liabilities	—	—
Current liabilities	8	—
Total liabilities	8	—
Equity attributable to owners of the parent	57	265
Non-controlling interests	28	130

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

37 NON-CONTROLLING INTERESTS (Continued)

Summarised statement of loss and other comprehensive loss	18 months ended June 30, 2020 US$'000	12 months ended December 31, 2018 US$'000
Revenue	—	—
Cost of revenue	—	—
Gross profit	—	—
Selling and marketing expenses	—	—
General and administrative expenses	(11)	(5)
Research and development expenses	—	—
Other (losses)/gains, net	(1)	1
Operating loss	(12)	(4)
Finance costs	—	—
Finance income	1	1
Share of loss of a joint venture	(300)	—
Loss before income tax	(311)	(3)
Income tax expense	—	—
Loss for the period	(311)	(3)
Other comprehensive loss:		
Item that may be subsequently reclassified to profit or loss:		
— Currency translation differences	(1)	(2)
Other comprehensive loss for the period, net of tax	(1)	(2)
Total comprehensive loss for the period	(312)	(5)
Loss for the period		
Attributable to owners of the Company	(209)	(3)
Attributable to non-controlling interest	(102)	—
Total comprehensive loss for the period		
Attributable to owners of the Company	(210)	(5)
Attributable to non-controlling interest	(102)	—

37 NON-CONTROLLING INTERESTS (Continued)

Statement of cash flows	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Cash flows from operating activities	(302)	(5)
Cash flows from investment activities	—	—
Cash flows from financing activities (dividends to NCI: nil)	—	400
Net (decrease)/increase in cash and cash equivalents	(302)	395

38 SUBSIDIARIES

Details of the principal subsidiaries of the Company as at June 30, 2020, are as follows. The class of shares held is ordinary unless otherwise stated.

Name	Place of incorporation	Date of incorporation	Principal country of operation	Principal activities	Paid up capital US$'000s	Effective interest held As at June 30, 2020	Effective interest held As at December 31, 2018
Directly held by the Company							
Victos Holding Corp.	Samoa	October 31, 2003	Samoa	Investment holding	5,339	100%	100%
IntelliCentrics Zengine (Hong Kong) Company Limited	Hong Kong	April 11, 2018	Hong Kong	Investment holding	13	67%	67%
Indirectly held by the Company							
IntelliCentrics Holding Company	Cayman Islands	April 27, 2012	Cayman Islands	Investment holding	6,165	100%	100%
Inception Point System Ltd.	United Kingdom	July 25, 2012	United Kingdom	Investment holding	16,442	100%	100%
IntelliCentrics UK Ltd.	United Kingdom	July 23, 2012	United Kingdom	Healthcare technology	2,050	100%	100%

38 SUBSIDIARIES (Continued)

Name	Place of incorporation	Date of incorporation	Principal country of operation	Principal activities	Paid up capital US$'000s	Effective interest held As at June 30, 2020	Effective interest held As at December 31, 2018
Zengine Limited	United Kingdom	August 28, 2013	United Kingdom	Possession and management of intellectual property	3,050	100%	100%
Solutions IntelliCentrics Inc.	Canada	July 20, 2012	Canada	Healthcare technology	3,050	100%	100%
USA deView, Inc.	USA	June 4, 2004	USA	Investment holding and provision of administrative services to the group companies	33,889	100%	100%
IntelliCentrics, Inc.	USA	May 19, 2010	USA	Healthcare technology	10	100%	100%
Vendor Clear, LLC	USA	November 28, 2005	USA	Inactive	5,000	100%	100%
Status Blue LLC	USA	September 27, 2005	USA	Inactive	5,795	100%	100%
Who Are You Limited	United Kingdom	April 13, 2013	United Kingdom	Healthcare technology	1	100%	100%

39 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of each director of the Company paid/payable by the Group for the 18 months ended June 30, 2020, are set out as follows:

	Director's fee US$'000	Salaries and wages US$'000	Bonuses[1] US$'000	Pension cost-defined contribution plan US$'000	Other social security costs, housing benefits and other employee benefits US$'000	Total US$'000
Executive directors						
Mr. Lin Tzung-Liang	67	446	–	–	84	597
Mr. Michael James Sheehan	50	1,559	1,000	22	122	2,753
Non-executive directors						
Mr. Lin Kuo-Chang	58	–	–	–	–	58
Mr. Leo Hermacinski	–	132	–	–	–	132
Mr. Sean Fang (resigned)	36	–	–	–	–	36
Independent non-executive directors						
Mr. Hsieh Yu Tien	25	–	–	–	–	25
Ms. Huang Yi-Fen	22	–	–	–	–	22
Mr. Wong Man Chung Francis	25	–	–	–	–	25
Mr. Chan Kwok Wai (resigned)	46	–	–	–	–	46
Mr. Lo Chiang (resigned)	46	–	–	–	–	46
Mr. Shen Haipeng (resigned)	43	–	–	–	–	43
Total	418	2,137	1,000	22	206	3,783

Note:

(1) Bonuses reflect amounts paid during the period and are generally based on the performance of the Group for the previous year.

39 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

The remuneration of each director of the Company paid/payable by the Group for the 12 months ended December 31, 2018, are set out as follows:

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

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

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

(a) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the 18 months ended June 30, 2020, and the 12 months ended December 31, 2018.

(b) Directors' termination benefits

None of the directors received or will receive any termination benefits for the 18 months ended June 30, 2020, and the 12 months ended December 31, 2018.

39 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

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

For the 18 months ended June 30, 2020 and the 12 months ended December 31, 2018, the Group did not pay consideration to any third parties for making available directors' services.

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

Save as disclosed in Note 39, there were no other loans, quasi-loans and other dealing arrangements in favour of directors, or corporate bodies controlled by, and connected entities with, such directors for the 18 months ended June 30, 2020 and the 12 months ended December 31, 2018.

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

Save as disclosed in Note 39, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the 18 months ended June 30, 2020, and the 12 months ended December 31, 2018.

40 FINANCIAL INSTRUMENTS — FAIR VALUE MEASUREMENT

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 as discussed in Note 3(e).

(a) Financial instruments by category

The following table shows the carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Note	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Financial assets measure at fair value through other comprehensive income			
Investment in equity instruments	*23*	2,025	—
Investment in debt instruments	*23*	45,900	—
Total		47,925	—
Financial assets at amortised cost			
Deposits, prepayments and other receivables	*21*	2,866	2,430
Restricted cash	*22*	10,348	21,500
Short-term bank deposits	*24*	—	260
Cash and cash equivalents	*24*	7,795	26,538
Total		21,009	50,728
Financial liabilities at amortised cost			
Borrowings	*28*	21,500	42,421
Trade payables	*29*	2,258	56
Other payables and provisions	*30*	3,389	3,762
Amounts due to related parties	*36*	44	24
Total		27,191	46,263

40 FINANCIAL INSTRUMENTS — FAIR VALUE MEASUREMENT (Continued)

(b) Fair value and fair value hierarchy of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. If the carrying amount of the financial assets and financial liabilities are a reasonable approximation of fair value, they are not valued at fair value and have thus been excluded from the table below.

18 months ended June 30, 2020	Note	Carrying amount			Fair value				Adjustment recorded in OCI
		FVOCI — equity instruments	FVOCI — debt instruments	Total	Level 1	Level 2	Level 3	Total	
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets									
Investment in equity instruments	*23*	2,025	–	2,025	2,025	–	–	2,025	(3,015)
Investment in debt instruments	*23*	–	45,900	45,900	–	–	45,900	45,900	68
Total		2,025	45,900	47,925	2,025	–	45,900	47,925	(2,947)

There were no transfers between the different levels during the current reporting period.

The carrying amounts of deposits, prepayments and other receivables, restricted cash, cash and cash equivalents, borrowings, trade payables, other payables, and amounts due to related parties are assumed to approximate their fair values due to their short-term nature.

Further, for the current reporting period, the fair value disclosure of lease liabilities is not required.

40 FINANCIAL INSTRUMENTS — FAIR VALUE MEASUREMENT (Continued)

(c) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in debt instruments *(Note 23)*	Discounted cash flow: The discount cash flow model was used to value the liability component of the debt securities. The model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	— Expected cash flows range from: US$43.44 million – US$45.90 million — Risk-adjusted discount rate: 9.332%	The estimated fair value would increase (decrease) if: — the expected cash flows were higher (lower); or — the risk-adjusted discount rate was lower (higher).

The Group engages external, independent, and professionally qualified valuers to determine the fair value of the Group's investment in debt instruments. The Chief Financial Officer reviews the results of the valuation performed by the external valuers to support the conclusion that these valuations meet the requirements of IFRS.

40 FINANCIAL INSTRUMENTS — FAIR VALUE MEASUREMENT (Continued)

(d) Reconciliation of Level 3 fair value measurements of financial instruments

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

18 months ended June 30, 2020	*Note*	**Investment in debt instruments** US$'000
Balance at January 1, 2019		—
Purchases		83,000
Redemptions		(39,559)
Finance income realised through redemptions		(114)
Amount recognised in profit or loss		
— Finance income (unrealised)	*12*	2,505
Remeasurement recognised in other comprehensive income		
— Net change in fair value (unrealised)	*27*	68
Balance at June 30, 2020		**45,900**

Refer to Note 23 for further details on the investment in debt instruments.

41 FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange rates, interest rate risk and other market risks), credit risk and liquidity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Risk management is carried out by the senior management of the Group in close cooperation with the Board and focuses on actively securing and managing the Group's cash flows. Significant investments must be approved by the Board of Directors.

(a) Market risk

Market risk arises from the Group's use of foreign currency, interest bearing, and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (foreign exchange risk), interest rates (cash flow and fair value interest rate risk), or other market factors (other price risk such as equity price risk).

41 FINANCIAL RISK MANAGEMENT (Continued)

41.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk

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

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

The foreign exchange loss for the 18-month ended June 30, 2020 was US$73,000 (December 31, 2018: foreign exchange gain of US$397,000) and was recognised in Other (losses)/gains, net in the Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to interest rates is attributable to the fixed rate promissory notes issued (disclosed in Note 23), as well as through its bank balance and restricted cash, details of which have been disclosed in Notes 24 and 22, respectively.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 28. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

As at June 30, 2020, if the interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit would have been approximately US$33,570 higher/lower (December 31, 2018: US$58,770 higher/lower), mainly attributable to the Group's exposure to interest rates on its variable rate bank balance, restricted cash, short-term bank deposits and bank borrowings.

41 FINANCIAL RISK MANAGEMENT (Continued)

41.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Other market factors

The Group's listed equity instruments (disclosed in Note 23) are susceptible to market price risk arising from uncertainties about future values of the investment securities. The effect of a 60% increase in the value of the equity instruments held at the reporting date would, all other variables held constant, have resulted in an increase in the fair value through other comprehensive income reserve and net assets of US$1.2 million. A 60% decrease in their value would, on the same basis, have decreased the fair value through other comprehensive income reserve and net assets by the same amount.

(b) Credit risk

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

The Group has a significant concentration of assets invested in unquoted non-investment grade promissory notes that are redeemable on request by delivery of a three-day redemption notice by the noteholder to the issuer (disclosed in Note 23). The Group last redeemed funds from each of the promissory notes in the first quarter of 2020. The Group considers this investment to be a performing asset. The Group monitors the investment for credit deterioration, and periodically uses a third-party appraiser. To date, the Group has not reported losses on the investment and recognised no provision for expected credit losses on its debt instruments at FVOCI during the 18 months ended June 30, 2020.

The Group's cash deposits are placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

41 FINANCIAL RISK MANAGEMENT (Continued)

41.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

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

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

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

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

41 FINANCIAL RISK MANAGEMENT (Continued)

41.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

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

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivable and adjusts for forward looking macroeconomic data. For the investment in promissory notes, deposits and other receivables, the historical loss rate for these receivables are low. Thus, no impairment provision was recognised for these receivables as the expected credit loss was not material during the year.

(c) Liquidity risk

Liquidity of the business is actively monitored in relation to changes in revenue and increasing customer support costs during COVID-19. With continuity of operations plans, we have supported our customers and continued the development of the technology platform. This was achieved by utilising government programs designed for COVID-19 relief and reductions in costs.

41 FINANCIAL RISK MANAGEMENT (Continued)

41.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Additionally, the Group's management continues to monitor the assets of the Group including the promissory notes investments. As the promissory note investments are located in the Asia market, in the aftermath of the pandemic quarantine, the region is operating, and indications are the assets are performing.

The origination of the borrowings for the Group is located in Asia. During the pandemic, the Group successfully renewed US$21.5 million of maturing debt which preserved existing liquidity. The Group aims to maintain sufficient cash and cash equivalents to maintain flexibility in the current business environment.

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

	Within 1 year US$'000	After 1 year but within 2 years US$'000	After 2 years but within 5 years US$'000	Remaining contractual maturities US$'000
As at June 30, 2020				
Trade payables	**2,258**	**—**	**—**	**2,258**
Other payables and provisions	**3,389**	**—**	**—**	**3,389**
Amounts due to related parties	**44**	**—**	**—**	**44**
Lease liability	**756**	**318**	**684**	**1,758**
Borrowings (including accrued interests)	**21,820**	**—**	**—**	**21,820**
Total	**28,267**	**318**	**684**	**29,269**
As at December 31, 2018				
Trade payables	56	—	—	56
Other payables and provisions	2,615	—	—	2,615
Amounts due to related parties	24	—	—	24
Borrowings (including accrued interests)	14,717	30,847	—	45,564
Total	17,412	30,847	—	48,259

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

41 FINANCIAL RISK MANAGEMENT (Continued)

41.2 Capital risk management

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

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

	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
Borrowings *(Note 28)*	**21,500**	42,421
Total debt	**21,500**	42,421
Total equity	**45,514**	1,090
Gearing ratio	**47.2%**	3,891.8%

Our gearing ratio ((short-term borrowing + long-term borrowings)/equity) improved significantly to 47.2% as of June 30, 2020, from 3,891.8% as of December 31, 2018. The significant improvement is due to the change in total equity. The increase in the equity balance is the results from the issuance of shares after IPO proceeds. The details of which are represented in "Equity" of this annual report.

41.3 Fair value estimation

The carrying amount of the Group's current financial assets, including current deposits and other receivables, amounts due from related parties, restricted cash, short-term bank deposits and cash and cash equivalents, and the Group's current financial liabilities, including trade and other payables, amounts due to related parties and current bank borrowings, approximate their fair values due to their short maturities. Refer to Note 3(e) for discussion on the fair value measurement hierarchy.

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment, net		3	4
Investment in subsidiaries		70,268	70,268
Right-of-use assets, net		368	—
Deposits and prepayments		66	—
Restricted cash		163	—
		70,868	70,272
Current assets			
Financial assets at fair value through other comprehensive income		47,925	—
Deposits, prepayments and other receivables		1,253	1,284
Amounts due from related parties		—	462
Cash and cash equivalents		1,897	10,895
		51,075	12,641
Total assets		121,943	82,913
EQUITY			
Equity attributable to owners of the Company			
Share capital		46	37
Share premium	*(a)*	76,929	20,836
Other equity	*(a)*	(10,891)	—
Other reserves	*(a)*	(2,449)	(5)
Accumulated losses	*(a)*	(9,454)	(6,381)
Total equity		54,181	14,487

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

	Note	As at June 30, 2020 US$'000	As at December 31, 2018 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings		—	29,690
Lease liabilities		105	—
		105	29,690
Current liabilities			
Borrowings		1,500	12,731
Lease liabilities		264	—
Other payables and provisions		870	1,593
Amounts due to related parties		44	24
Amounts due to subsidiaries		64,966	24,379
Current income tax liabilities		13	9
		67,657	38,736
Total liabilities		67,762	68,426
Total equity and liabilities		121,943	82,913

Note (a): Reserve movement of the Company

The statement of financial position of the Company was approved by the Board of Directors on October 20, 2020 and was signed on behalf of the Board.

Lin Tzung-Liang
Director

Michael James Sheehan
Director

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a): Reserve movement of the Company

	Share premium US$'000	Other equity US$'000	Accumulated losses US$'000	Share option reserve US$'000	Fair value reserve US$'000	Foreign translation reserve US$'000	Total US$'000
As at January 1, 2018	2,838	—	(523)	—	—	—	2,315
Issuance of ordinary shares	17,998	—	—	—	—	—	17,998
Loss for the period	—	—	(5,858)	—	—	—	(5,858)
Currency translation differences	—	—	—	—	—	(5)	(5)
As at December 31, 2018	20,836	—	(6,381)	—	—	(5)	14,450
Loss for the period	—	—	(3,073)	—	—	—	(3,073)
Other comprehensive loss							
— Equity instruments at FVOCI — net change in fair value	—	—	—	—	(3,015)	—	(3,015)
— Debt instruments at FVOCI — net change in fair value	—	—	—	—	68	—	68
— Currency translation differences	—	—	—	—	—	(2)	(2)
Total comprehensive loss for the period	—	—	(3,073)	—	(2,947)	(2)	(6,022)
Transactions with owners:							
Issuance of ordinary shares	60,569	—	—	—	—	—	60,569
Acquisition of RSA shares	—	(10,891)	—	—	—	—	(10,891)
Share-based payment	—	—	—	505	—	—	505
Listing expense charged to share premium	(4,476)	—	—	—	—	—	(4,476)
Total transactions with owners	56,093	(10,891)	—	505	—	—	45,707
As at June 30, 2020	76,929	(10,891)	(9,454)	505	(2,947)	(7)	54,135

43 EVENTS AFTER THE REPORTING PERIOD

Refinancing of Debt and Subsequent Debt Payment.

As at June 30, 2020, the Company had outstanding debt of US$20.0 million with EnTie Commercial Bank in Taiwan. Between July 30, 2020 and August 5, 2020, the Company utilised US$10 million in a revolving loan agreement with EnTie Commercial Bank. On August 15, 2020, the Company made a US$5.0 million repayment to EnTie Commercial Bank. The remaining balance of the total outstanding borrowings with EnTie Commercial Bank as of the date of this annual report is US$25.0 million.

Additional Investment in Sciencare

In October 2020, IntelliCentrics Zengine (Hong Kong) Company Limited, the Group's 67%-owned subsidiary, entered into an agreement for a capital increase to its joint venture, Sciencare, to support the growth of the joint venture operations. Upon completion of the transaction, IntelliCentrics Zengine (Hong Kong) Company's investment in Sciencare will increase by US$400,000 and it will retain a 40% ownership in Sciencare. Sciencare recently signed an agreement with the city of Langfang which will be supported by the Group's trusted healthcare platform. The Group will continue to retain one of the three director positions on the board of the joint venture.

Financial Summary

RESULTS

Results	18 months ended June 30, 2020[1] US$'000s	12 months ended December 31, 2018[2][3] US$'000s	12 months ended December 31, 2017 US$'000s	12 months ended December 31, 2016 US$'000s	12 months ended December 31, 2015 US$'000s
Revenue	**54,648**	34,037	31,399	30,834	30,135
Profit before income tax	**4,298**	5,621	10,508	13,302	8,558
Income tax expenses	**(2,062)**	(2,572)	(2,696)	(6,293)	(3,740)
Profit for the year	**2,236**	3,049	7,812	7,009	4,818

Assets, Equity and Liabilities	As at June 30, 2020[1] US$'000s	As at December 31, 2018[2][3] US$'000s	As at December 31, 2017 US$'000s	As at December 31, 2016 US$'000s	As at December 31, 2015 US$'000s
ASSETS					
Non-current assets	**28,725**	32,305	34,790	12,223	14,456
Current assets	**68,423**	35,660	37,042	56,626	45,868
Total assets	**97,148**	67,965	71,832	68,849	60,324
EQUITY AND LIABILITIES					
Total equity	**45,514**	1,090	50,489	32,543	31,477
Non-current liabilities	**4,479**	31,800	1,101	1,028	676
Current liabilities	**47,155**	35,075	20,242	35,278	28,171
Total liabilities	**51,634**	66,875	21,343	36,306	28,847
Total equity and liabilities	**97,148**	67,965	71,832	68,849	60,324

The 18 months ended June 30, 2020 can be found in the audited Comprehensive Financial Statements found in this annual report.

The 12 months ended December 31, 2018 can be found in the audited Comprehensive Financial Statements found on page 61-63 in the Financial Year 2018 Annual Report.

The 12 months ended December 31, 2017, December 31, 2016, and December 31, 2015 can be found under Appendix I, page I-4 to I-7 of the Accountants Report in the Company's Prospectus for the IPO.

Notes:

(1) As a result of the adoption of IFRS 16 *Leases* with effect from January 1, 2019, the group changed its accounting policies in respect of the lessee accounting model. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to recognise right-of-use assets and lease liabilities as at January 1, 2019. After initial recognition of these assets and liabilities, the group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Figures in years earlier than 2019 are stated in accordance with the policies applicable in those years.

(2) As a result of the adoption of IFRS 15 *Revenue from Contracts with Customers* with effect from January 1, 2018, the group changed its accounting policies in respect of revenue recognition. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to equity as at January 1, 2018. Figures in years earlier than 2018 are stated in accordance with the policies applicable in those years.

(3) The group adopted IFRS 9 *Financial Instruments* from January 1, 2018. As a result, the group changed its accounting policies in relation to financial instruments. As allowed by IFRS 9, the group did not restate information relating to prior years. Differences in the carrying amounts of the financial assets resulting from the adoption of IFRS 9 were recognised in retained earnings and reserves at January 1, 2018. There was no difference in the carrying amounts of the financial liabilities. Figures in years earlier than 2018 are stated in accordance with the policies applicable in those years.

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;
"CAD"	Canadian dollar, the lawful currency of Canada;
"CEO"	the chief executive officer 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;
"FVOCI"	fair value through other comprehensive income;
"GBP"	pound sterling, the lawful currency of the United Kingdom;
"Global Offering"	the global offering of new Shares of the Company in March 2019;
"Group", "our Group", "we" or "us"	our Company and its subsidiaries at the relevant time and, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"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;
"IFRS"	International Financial Reporting Standards;
"IPO"	an initial public offering of the Shares and listing of the Shares on the Main Board of the Stock Exchange;
"Latest Practicable Date"	October 16, 2020;
"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;
"Non-Compete Period"	the period commencing on the Listing Date and ending on the earliest of: (a) the date on which any relevant Controlling Shareholder ceases to be a controlling shareholder of the Company as defined in the Listing Rules, (b) the date on which the Shares cease to be listed on the Stock Exchange, and (c) the date on which the Group ceases to engage in the Restricted Business;
"NTD"	New Taiwan Dollar, the lawful currency of Taiwan;
"Ocin Corp"	an exempted company with limited liability incorporated in the Cayman Islands on May 26, 2016 and one of the Controlling Shareholders, and is wholly owned by Mr. Lin;
"Over-Allotment Option"	has the meaning as defined in the Prospectus;
"PRC"	People's Republic of China;
"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;
"Reorganisation"	the reorganisation of our Group in preparation for the IPO, details of which are set out in "History, Reorganization and Development — Our Reorganization" of the Prospectus;

"Reorganisation Facility"	the bank facility to finance the acquisition of a company as a part of the Reorganisation;
"R&D"	research and development;
"RSA Scheme"	the Restricted Share Award Scheme approved and adopted by the Company on April 26, 2019;
"Sciencare"	Beijing Sciencare Technology Co., Ltd. (北京仁正醫德科技有限公司), a company incorporated in the PRC with limited liability;
"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$0.0001 each;
"Shareholder(s)"	holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subsidiaries"	has the meaning ascribed to it in section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
"UK", "U.K.", or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"US", "U.S. dollars" or "US$"	U.S. dollars, the lawful currency of the United States of America;
"U.S.", "USA" 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;
"%"	Percent.

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

IntelliCentrics Global Holdings Ltd.
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