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 2020-21

# 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

### Independent Non-executive Directors:

Mr. Hsieh Yu Tien
Ms. Huang Yi-Fen
Mr. Wong Man Chung Francis

## 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 COMMITTEES

### RSA Scheme for Non-Connected Persons

Mr. Michael James Sheehan
Mr. Wong Man Chung Francis

### RSA Scheme for Core Connected Persons

Mr. Lin Tzung-Liang
Mr. Hsieh Yu Tien

## 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.

777 International Parkway
Suite 400
Flower Mound
Texas 75022
United States of America

## REGISTERED OFFICE

Gold-In (Cayman) Co., Ltd.
Suite 102, Cannon Place
North Sound Rd.
George Town
P.O. Box 712
Grand Cayman KY1-9006
Cayman Islands

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Gold-In (Cayman) Co., Ltd.
Suite 102, Cannon Place
North Sound Rd.
George Town
P.O. Box 712
Grand Cayman KY1-9006
Cayman Islands

## LEGAL ADVISER

Sullivan & Cromwell (Hong Kong) LLP
20th Floor, Alexandra House
18 Chater Road, Central
Hong Kong

## HONG KONG SHARE REGISTRAR

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

## INDEPENDENT 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

## 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 the 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,

"To be the world's trusted solution for trust" is precisely the type of bold vision required to successfully navigate the volatility of the past year. IntelliCentrics' mission, to "use trust to make high-quality healthcare as accessible as a good cup of coffee" is equally bold. The strength of our vision and mission were the forces that enabled us to grow during the pandemic.

Our focus has been on growing our subscriber base and the revenue that goes with it.

Deemed an essential service from the onset of the pandemic, Locations of Care ("**LoCs**") relied upon our technology platform to communicate their evolving safety policies to our subscribers, contributing to a safe and secure healthcare experience. We were a pioneer in the United States to deliver a COVID-19 credentialing helping us deliver 2.3% revenue growth where lockdowns crippled our primary LoCs for much of the year. Leveraging our value proposition of "trust as a technology", our United Kingdom subscriber base grew 12.8% during the final six months of the financial year. China, which has also endured long-term quarantines, continues to prove the importance of remote patient monitoring by sharing bio data between patients and their trusted family, friends, and doctors. The result of our efforts delivered month-on-month subscriber growth for the final five months of the financial year at the consolidated level.

Our second area of focus, our patient-oriented product brand BioBytes™, is of even greater significance. By enhancing BioBytes™ and our remote patient monitoring solution, which provides families at home with the same capability to trust visitors as we provide our 10,000+ LoCs, BioBytes™ grows our total reachable market by millions of households and hundreds of millions of potential users around the globe. As a first mover in this space, we continue to operate in a challenging environment in financial year 2021 as the COVID-19 pandemic continues to post a threat to business operations in many industries including healthcare. Making the strategic decision to market our hospital-based visitor management system under the BioBytes™ brand, we are introducing BioBytes™ and trust technology to thousands of visitors when visiting family and friends at our LoCs. While still in the early stage, our initial test facility is showing that a single hospital can generate thousands of unique visitors a month in perpetuity. As exciting as this is, we are equally excited that with the introduction of BioBytes™ branded visitor management, we are the only technology platform that provides hospitals with the ability to trust everyone from the waiting room to the board room. We firmly believe the potential of a single end-to-end integrated technology platform built on trust has the power to transform how care is delivered, received, and paid for.

Our third area of focus has been on advancements in our environmental and social governance. Our biggest investments in this area are the new headquarters in Flower Mound, Texas and our office in Manchester, England. Both offices' ergonomics, technological capability, style, and location have immediately improved our ability to attract and retain talent. Our approach to addressing the work-from-home trends has been exceptionally successful. From the onset of the pandemic, we have adopted a "Personal Prudence" policy. This allows each individual employee to make the best possible decision based on their set of unique circumstances. We designed highly desirable office environments with the goal of making the office an enticing destination and added technology to make working from anywhere a seamless experience. This approach has had the added benefit of more closely integrating our operations across three continents and will provide a solid base for further geographic expansion. We see this as a journey of continuous refinement and are committed to our employees' well-being.

As the heroics of healthcare professionals around the world continue to occupy our collective consciousness, I am exceptionally proud of our team's commitment and contribution to the support of those dedicated professionals. We take great pride in the role we play in creating a safe and secure healthcare experience for everyone, while delivering solid business results, creating shared value globally.

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 26, 2021

# Management Discussion and Analysis

# Management Discussion and Analysis

## BUSINESS OVERVIEW


COVID-19 was the biggest influence during the 12 months ended June 30, 2021, and the Group's revenue grew by 2.3% attributable to credential subscriptions. For the 12 months ended June 30, 2021, revenue was US$37.7 million compared to the 12 months ended June 30, 2020, revenue of US$36.8 million. During this period, the Company continued to invest in technology products such as BioBytes™, Medical Staff Credentialing, Link, and infrastructure including upgrading the office locations and amenities in both the UK and the global headquarters in Flower Mound, Texas. Building upon our early-stage investments in China through our joint venture with Sciencare, the Company expanded into Taiwan in March 2021. Our business strategy continues to focus on connecting the supply side of healthcare with the demand side of healthcare on a technology platform that delivers trusted interactions.

As of June 30, 2021, we had 10,232 Registered LoCs, which is a 8.9% decrease as compared to June 30, 2020. Over 70% of the decrease in LoCs are small physician offices. As of June 30, 2021, we had 113,421 total subscribers supporting the medical industry, a 6.6% decrease compared to June 30, 2020. The decrease was mostly attributable to the COVID-19 pandemic's temporary delay of non-life-threatening patient procedures at LoCs. In February 2021, following the peak of the pandemic, we registered the lowest number of subscribers for the Company and have grown the subscriber base each month since. Management believes the key driver for month-on-month growth is due in large part to the broad requirement of LoCs to provide safe and secure locations.

For comparison, management compiled a 12-month reporting period for the prior financial year. During the 12 months ended June 30, 2021, our revenue grew to US$37.7 million compared to US$36.8 million for the 12 months ended June 30, 2020. During the same period, gross profit decreased to US$32.8 million from US$34.4 million, net loss was US$3.0 million compared to a net profit of US$5.5 million for the 12 months ended June 30, 2020. The primary driver for the change in gross profit was an increase of US$2.4 million in depreciation expense for our eBadge technology.

In comparing the current financial year for the 12 months ended June 30, 2021, our revenue decreased to US$37.7 million from US$54.6 million for the 18 months ended June 30, 2020. During the same period, gross profit decreased to US$32.8 million from US$51.1 million, net loss was US$3.0 million compared to net profit of US$2.2 million for the 18 months ended June 30, 2020. The primary driver for the change in gross profit was the additional 6 months in the prior accounting period coupled with an additional US$2.4 million in depreciation for our eBadge technology.

The net loss was mainly attributable to a significant increase in amortisation and depreciation related to significant platform solution development capitalised in the prior financial year; an increase in professional fees for audit, technology, and security; and an increase in cost for our new facilities. Our non-capitalised research and development ("**R&D**") expenses decreased by US$0.7 million to US$13.8 million compared to US$14.6 million for the 18 months ended June 30, 2020, with an increase in platform amortisation expense accounting for US$2.6 million of the variance. Total R&D expenditures, capital and non-capital, for the 12 months ended June 30, 2021, were US$20.3 million, representing a decrease of US$1.6 million compared to June 30, 2020. During this period, capitalised and non-capitalised enhancements released to the market were the second generation GO! eBadge technology, Link, an upgraded compliance survey capability in SEC$^3$URE, BioBytes™, Visitor Management, and the industry's first COVID-19 credential, along with over 300 additional enhancements to the platform.

## OUTLOOK

We believe the complex, universal, and long-term affect COVID-19 will have on society will be concentrated on healthcare for years to come. This affect will make trusted interaction and policy enforcement a key element for healthcare to manage. Moreover, the size and scale of healthcare requires a reliance on technology solutions as the only reasonable option. Management believes these macro market drivers favor the Company's unique value proposition of connecting the supply and demand sides of care on a single, extensible, trusted, and end-to-end technology platform is one of the most efficient and 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 LoCs 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. IntelliCentrics' joint venture, Sciencare, was awarded a contract by the city of Langfang (population of approximately 4.5 million). Through this contract, Sciencare is currently delivering IntelliCentrics' full end-to-end technology solution. The solution consists of collecting patient's health data remotely and transferring the information to their medical professionals 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 and 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 and 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 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.

## IMPACT OF COVID-19

Since the onset of the COVID-19 pandemic, the Group has delivered our service without interruption. During the current financial year, we have also taken measures in response to the pandemic that have been required by government authorities or that were determined to be in the best interests of our employees, subscribers, LoCs, and Shareholders.

However, mainly due to COVID-19 measures, the government-imposed restrictions on access to healthcare has materially and momentarily delayed demand of healthcare procedures. The delays of patient procedures of all types have resulted in unprecedented backlog of demand, as disease and chronic health issues remain constant. The Group's subscriber trend has generally softened as restrictions increased, and strengthened as restrictions were lifted. Given the regulatory nature of healthcare combined with a culture of safety, subscribers tend to delay their purchase or renewal of our services until they are able to benefit rather than a traditional cancellation model. (this is not to suggest we don't experience cancellations, rather to more accurately reflect of our subscriber behavior). The Company experienced a decline/delay of renewals by approximately 5,300 subscribers in the two months ending in February 2021 while, and since the end of February 2021, the Company has experienced an average increase in subscriber of more than 1,150 each month. The net result is that our total number of subscribers decreased 6.6% from June 30, 2020 to 113,421 as of June 30, 2021. The Group continues to monitor the variants of COVID-19 and support the healthcare industry with platform solutions in this new normal.

### Assets

Total assets of the Company increased from US$97.1 million as at June 30, 2020 to US$101.8 million as at June 30, 2021. The increase is due to leasehold improvements and right-of-use asset additions for the global headquarters, the capitalisation of software development for our platform and increases in restricted cash on additional borrowings. During the period, the Company redeemed all but one promissory note receiving principal and expected interest (which was redeemed early in the subsequent period and all principal and interest was received per the agreement. There are no outstanding promissory note balances at this time).

### Liquidity

During the period, our current ratio has stayed constant at 1.5 at June 30, 2020 and 1.6 as of June 30, 2021. Our subscribers pay their fees at the beginning of their annual term providing the Company with a cash inflow and therefore there is no credit risk for accounts receivable. During the last 12 months, the Group has proactively increased its liquidity through the following actions: (1) redeeming promissory notes; (2) recapitalising our borrowings from short-term to a US$30.0 million long-term facility with the first payment due in December 2021; (3) renegotiating improved payment terms with key suppliers; (4) full review of expenses and making reductions where possible; and (5) making reductions of full-time staff. As the healthcare industry is recovering, we are rehiring certain full-time positions. The agility of the platform business allows options to increase and decrease as necessary.

As the future of the COVID-19 pandemic variants, government actions, and financial markets reactions remain unknown, the Group and its Board cannot reliably predict the extent to which the business, its assets, and future liquidity will be impacted. At present, the Group does not see any material change to its operating capabilities, assets, liquidity, or credit.

## FULL REDEMPTION OF OUTSTANDING PROMISSORY NOTES

On May 19, 2020, April 20, 2021, April 26, 2021, and June 21, 2021, the Company announced to the market the redemption of certain promissory notes. As a subsequent event to these financial statements, on July 21, 2021, the Company announced the redemption of the final promissory note. In total, including the final redemption, the Company received US$12.3 million of principal and the expected interest. Total interest received including the July 21, 2021 redemption was US$3.2 million. As of the final redemption on July 21, 2021, there are no outstanding promissory note balances.

## UNAUTHORISED DISBURSEMENT OF FUNDS

As announced to the market on July 12, 2021, the Company fell victim to a social engineering crime which targeted the Company's email system (the "**Incident**"). As a result, the amount of US$7.0 million was disbursed to bank accounts unassociated with the Company. The Company would like to emphasise that the Incident does not affect the integrity and confidentiality of the Company's information technology platform inclusive of customer data, business operations, or any data contained therein. The information technology platform is fully independent from the email system associated with the unauthorised disbursements. On July 19, 2021, the Company retrieved from the receiving bank US$975,161.04 of the first disbursement on June 29, 2021 of US$1.0 million in funds. The Company continues to use its best effort to retrieve the unauthorised disbursement of US$6.0 million in funds that occurred on July 5, 2021. Given the current year cash flow from operating activities of US$6.8 million and its current cash position, the Company will continue to meet its financial obligation.

## 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 12-month period from July 1, 2020 to June 30, 2021 as compared to the 18-month period from January 1, 2019 to June 30, 2020. We have voluntarily included the 12-month period from July 1, 2019 to June 30, 2020 for comparative purposes.

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

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | 12 months ended June 30, 2020 |
|---|---|---|---|
| **Revenue** | **37,666** | 54,648 | 36,824 |
| Cost of revenue | **(4,900)** | (3,551) | (2,442) |
| **Gross profit** | **32,766** | 51,097 | 34,382 |
| Selling and marketing expenses | **(4,769)** | (8,914) | (6,141) |
| General and administrative expenses | **(18,055)** | (24,213) | (14,187) |
| R&D expenses | **(13,824)** | (14,558) | (9,183) |
| Other losses | **(402)** | (92) | (167) |
| **Operating (loss)/profit** | **(4,284)** | 3,320 | 4,704 |
| Finance costs | **(1,966)** | (3,682) | (2,199) |
| Finance income | **1,729** | 3,245 | 2,362 |
| Other non-operating (expense)/income | **(4)** | 1,715 | 1,715 |
| Share of loss of a joint venture, net of tax | **(272)** | (300) | (250) |
| **(Loss)/profit before income tax** | **(4,797)** | 4,298 | 6,332 |
| Income tax benefit/(expense) | **1,823** | (2,062) | (876) |
| **(Loss)/profit for the period** | **(2,974)** | 2,236 | 5,456 |
| **Non-IFRS Financial Measures** | | | |
| Adjusted — Earnings before interest, taxes, depreciation, and amortisation | **4,860** | 7,211 | 8,291 |

## Revenue

Our revenue decreased to US$37.7 million for the 12 months ended June 30, 2021 from US$54.6 million for the 18 months ended June 30, 2020. This variance is primarily attributable to (i) the additional 6 months during the prior accounting period; (ii) our ability to increase the annual subscription fees in the prior accounting period in the U.S. by supporting additional value including the market introduction of SEC$^3$URE Go! in the prior accounting period; and (iii) the institution of a reinstatement fee in the prior accounting period to encourage on-time renewals.

In the 12 months ended June 30, 2021, substantially all our revenue was generated in the United States, with approximately 1.8% 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:

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Vendor and medical credentialing[1] | **36,939** | 53,417 | (16,478) | (30.8) |
| Add-on services[2] [3] | **727** | 1,231 | (504) | (40.9) |
| **Total** | **37,666** | 54,648 | (16,982) | (31.1) |

Notes:

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

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

(3) 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$36.9 million for the 12 months ended June 30, 2021 representing a 30.8% decrease, and accounted for 98.1% of our total revenue (June 30, 2020: US$53.4 million). This decrease was primarily attributable to 6 additional months of activity during the prior accounting period.

Revenue from add-on services amounted to US$0.7 million for the 12 months ended June 30, 2021 representing a 40.9% decrease (June 30, 2020: US$1.2 million). This decrease was primarily attributable to 6 additional months of activity during the prior accounting period and a reduced need for add-on services for vendors that did not attend to services in LoCs.

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Vendor and medical credentialing[1] | **36,939** | 36,015 | 924 | 2.6 |
| Add-on services[2] [3] | **727** | 809 | (82) | (10.1) |
| **Total** | **37,666** | 36,824 | 842 | 2.3 |

Notes:

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

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

(3) 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$36.9 million for the 12 months ended June 30, 2021 representing a 2.6% increase, and accounted for 98.1% of our total revenue (June 30, 2020: US$36.0 million). This increase was primarily attributable to a full 12 months of revenue recognition at the increased subscription rate placed in effect in January 2020.

Revenue from add-on services amounted to US$0.7 million for the 12 months ended June 30, 2021 representing a 10.1% decrease (June 30, 2020: US$0.8 million). This decrease was primarily attributable to reduced need for add-on services for vendors that did not attend to services in LoCs.

The following table sets out the timing of revenue recognition:

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| **Timing of Revenue Recognition** | | | | |
| — Over time | **37,301** | 54,048 | (16,747) | (31.0) |
| — At a point in time | **365** | 600 | (235) | (39.2) |
| **Total** | **37,666** | 54,648 | (16,982) | (31.1) |

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| **Timing of Revenue Recognition** | | | | |
| — Over time | **37,301** | 36,427 | 874 | 2.4 |
| — At a point in time | **365** | 397 | (32) | (8.1) |
| **Total** | **37,666** | 36,824 | 842 | 2.3 |

## Cost of Revenue

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **525** | 612 | (87) | (14.2) |
| Payment processing fees | **1,047** | 1,500 | (453) | (30.2) |
| Depreciation expense | **2,886** | 529 | 2,357 | 445.6 |
| Others[(1)] | **442** | 910 | (468) | (51.4) |
| **Total** | **4,900** | 3,551 | 1,349 | 38.0 |

Note:

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

Our total cost of revenues amounted to US$4.9 million for the 12 months ended June 30, 2021, representing an increase of US$1.3 million and accounted for 13.0% of our total revenue compared to 6.5% for the 18 months ended June 30, 2020. The increase in cost as a percentage of revenue is primarily related to the depreciation costs associated with the eBadge element of our SEC$^3$URE Go! service launched on January 1, 2020 and incorporated into our bundled credentialing solution.

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **525** | 425 | 100 | 23.5 |
| Payment processing fees | **1,047** | 1,014 | 33 | 3.3 |
| Depreciation expense | **2,886** | 529 | 2,357 | 445.6 |
| Others[(1)] | **442** | 474 | (32) | (6.8) |
| **Total** | **4,900** | 2,442 | 2,458 | 100.7 |

Note:

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

Our total cost of revenues amounted to US$4.9 million 12 months ended June 30, 2021, representing an increase of US$2.5 million and accounted for 13.0% of our total revenue compared to 6.6% for the 12 months ended June 30, 2020. The increase in percentage of revenue is primarily related to costs associated with the eBadge element of our SEC$^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 12 months ended June 30, 2021 decreased to US$32.8 million from US$51.1 million for the 18 months ended June 30, 2020. This was primarily attributable to the additional 6 months in the prior accounting period. Our gross profit margin decreased to 87.0% for the 12 months ended June 30, 2021 from 93.5% for the 18 months ended June 30, 2020.

Our gross profit for the 12 months ended June 30, 2021 decreased to US$32.8 million from US$34.4 million for the 12 months ended June 30, 2020. This was mainly in line with the growth of revenue offset by the depreciation cost in the eBadge mobile technology of our SEC$^3$URE Go! service. Our gross profit margin decreased to 87.0% for the 12 months ended June 30, 2021 from 93.4% for the 12 months ended June 30, 2020.

## 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:

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **3,643** | 6,130 | (2,487) | (40.6) |
| Promotion and advertisement expenses | **793** | 2,048 | (1,255) | (61.3) |
| Others[(1)] | **333** | 736 | (403) | (54.8) |
| **Total** | **4,769** | 8,914 | (4,145) | (46.5) |

Note:

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

Our selling and marketing expenses decreased to US$4.8 million for the 12 months ended June 30, 2021 from US$8.9 million for the 18 months ended June 30, 2020. This decrease was primarily attributable to (i) the additional 6 months during the prior accounting period and (ii) the reduction of selling activities during the pandemic. The increased expenses in the prior accounting period 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.

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **3,643** | 4,545 | (902) | (19.8) |
| Promotion and advertisement expenses | **793** | 1,112 | (319) | (28.7) |
| Others[1] | **333** | 484 | (151) | (31.2) |
| **Total** | **4,769** | 6,141 | (1,372) | (22.3) |

Note:

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

Our selling and marketing expenses decreased to US$4.8 million for the 12 months ended June 30, 2021 from US$6.1 million for the 12 months ended June 30, 2020. This decrease was primarily attributable to (i) staffing reductions and (ii) decreases in promotional and advertising spending during the global pandemic.

## 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:

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **6,909** | 10,530 | (3,621) | (34.4) |
| Listing expenses | **—** | 4,189 | (4,189) | (100.0) |
| Rent charges | **1,424** | 1,235 | 189 | 15.3 |
| Others(1) (2) | **9,722** | 8,259 | 1,463 | 17.7 |
| **Total** | **18,055** | 24,213 | (6,158) | (25.4) |

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$1.4 million for the 12 months ended June 30, 2021 and US$0.4 million for the 18 months ended June 30, 2020.

Our general and administrative expenses decreased to US$18.1 million for the 12 months ended June 30, 2021 from US$24.2 million for the 18 months ended June 30, 2020. This decrease was primarily attributable to (i) the additional 6 months during the prior accounting period and (ii) increased audit, legal and other professional fees, offset by onboarding new general and administrative employees in the prior accounting period, certain fees paid to professional service providers in connection with the Company's IPO in the prior accounting period, and management bonuses in the prior accounting period.

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **6,909** | 7,575 | (666) | (8.8) |
| Rent charges | **1,424** | 866 | 558 | 64.4 |
| Others[(1) (2)] | **9,722** | 5,746 | 3,976 | 69.2 |
| **Total** | **18,055** | 14,187 | 3,868 | 27.3 |

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$1.4 million for the 12 months ended June 30, 2021 and US$0.2 million for the 12 months ended June 30, 2020.

Our general and administrative expenses increased to US$18.1 million for the 12 months ended June 30, 2021 from US$14.2 million for the 12 months ended June 30, 2020. This increase was primarily attributable to (i) increases in staffing, (ii) rent charges for to our new global headquarters facility and (iii) increases in audit, legal and other professional fees.

## R&D Expenses

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

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **5,045** | 6,725 | (1,680) | (25.0) |
| Professional service fees | **2,183** | 3,108 | (925) | (29.8) |
| Amortisation | **3,990** | 1,722 | 2,268 | 131.7 |
| Others[(1)] | **2,606** | 3,003 | (397) | (13.2) |
| **Total** | **13,824** | 14,558 | (734) | (5.0) |

Note:

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

Our R&D expenses decreased to US$13.8 million for the 12 months ended June 30, 2021 from US$14.6 million for the 18 months ended June 30, 2020. This decrease was primarily attributable to (i) the additional 6 months during the prior accounting period and (ii) the reduction in development costs associated with the SEC$^3$URE GO!, Link, and Visitor Management services launched during the prior accounting period offset by the resulting increase in amortisation of capitalised development costs.

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| Employee expenses | **5,045** | 3,234 | 1,811 | 56.0 |
| Professional service fees | **2,183** | 2,076 | 107 | 5.1 |
| Amortisation | **3,990** | 1,714 | 2,276 | 132.8 |
| Others[(1)] | **2,606** | 2,159 | 447 | 20.7 |
| **Total** | **13,824** | 9,183 | 4,641 | 50.5 |

Note:

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

Our R&D expenses increased to US$13.8 million for the 12 months ended June 30, 2021 from US$9.2 million for the 12 months ended June 30, 2020. This increase was primarily attributable to (i) increases in staffing and (ii) the increase in amortisation of capitalised development costs associated with the SEC$^3$URE GO!, Link, and Visitor Management services launched during the prior accounting period.

## Other Losses

We had other losses of US$0.4 million for the 12 months ended June 30, 2021, compared to US$0.1 million for the 18 months ended June 30, 2020, primarily due to realised foreign exchange losses.

We had other losses of US$0.4 million for the 12 months ended June 30, 2021, compared to US$0.2 million for the 12 months ended June 30, 2020, primarily due to realised foreign exchange losses.

## Finance Costs

Our finance costs decreased to US$2.0 million for the 12 months ended June 30, 2021, from US$3.7 million for the 18 months ended June 30, 2020, 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 prior accounting period.

For the 12 months ended June 30, 2021, our finance costs decreased to US$2.0 million from US$2.2 million for the 12 months ended June 30, 2020, primarily due to bank charges on financing activities and asset management fees related to the Company's investment in redeemable promissory notes.

## Finance Income

Our finance income decreased to US$1.7 million for the 12 months ended June 30, 2021, from US$3.2 million for the 18 months ended June 30, 2020, primarily due to interest income on redeemable promissory notes, interest income on restricted cash, and 6 additional months of activity during the prior accounting period.

For the 12 months ended June 30, 2021, our finance income decreased to US$1.7 million from US$2.4 million for the 12 months ended June 30, 2020, primarily due to interest income on redeemable promissory notes and interest income on restricted cash.

## Other Non-operating (Expense)/Income

Our other non-operating (expense)/income decreased to US$(4) thousand for the 12 months ended June 30, 2021, from US$1.7 million for the 18 months ended June 30, 2020, primarily due to the Company's participation in the Paycheck Protection Program ("**PPP**") in the prior accounting period. In April 2020, IntelliCentrics, Inc., our U.S. operating subsidiary, applied for and received a loan of US$1.7 million from the Government of the U.S. under the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**"). As of June 30, 2020, the Group met the qualifications for loan forgiveness of the full amount of the borrowing. The Company has recognised the forgiveness of the loan as other non-operating income.

Our other non-operating (expense)/income decreased to US$(4) thousand for the 12 months ended June 30, 2021, from US$1.7 million for the 12 months ended June 30, 2020, primarily due to the Company's participation in the PPP. In April 2020, IntelliCentrics, Inc., our U.S. operating subsidiary, applied for and received a loan of US$1.7 million from the Government of the U.S. under the CARES Act. As of June 30, 2020, the Group met the qualifications 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 Benefit/(Expense)

Our income taxes decreased to a US$1.8 million benefit for the 12 months ended June 30, 2021, from a US$2.1 million expense for the 18 months ended June 30, 2020, is primarily due to inclusion of R&D tax credits of US$1.7 million and change in UK statutory rate that impacted the valuation of the deferred income tax assets and liabilities of US$0.5 million.

Our income taxes decreased to a US$1.8 million benefit for the 12 months ended June 30, 2021, from a US$0.9 million expense for the 12 months ended June 30, 2020, is primarily due to inclusion of R&D tax credits of US$1.7 million and change in UK statutory rate that impacted the valuation of the deferred income tax assets and liabilities of US$0.5 million.

## (Loss)/Profit for the Period

Our net profit decreased to a net loss of US$3.0 million for the 12 months ended June 30, 2021, from a net profit of US$2.2 million for the 18 months ended June 30, 2020. Our net profit margin decreased to (7.9)% for the 12 months ended June 30, 2021, from 4.1% for the 18 months ended June 30, 2020. This is primarily due to the increase in depreciation and amortisation of technology, offset by reductions in staff costs and taxes.

Our net profit decreased to a net loss of US$3.0 million for the 12 months ended June 30, 2021, from a net profit of US$5.5 million for the 12 months ended June 30, 2020. Our net profit margin decreased to (7.9)% for the 12 months ended June 30, 2021, from 14.8% for the 12 months ended June 30, 2020. This is primarily due to the increase in depreciation and amortisation of technology and higher platform maintenance costs, offset by reductions in staff cost and taxes.

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

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| **(Loss)/profit for the period** | **(2,974)** | 2,236 | (5,210) | (233.0) |
| Income tax benefit/(expense) | **1,823** | (2,062) | 3,885 | (188.4) |
| **(Loss)/profit before income tax** | **(4,797)** | 4,298 | (9,095) | (211.6) |
| Interest income, net | **(465)** | (1,298) | 833 | (64.2) |
| **(Loss)/profit before interest and taxes** | **(5,262)** | 3,000 | (8,262) | (275.4) |
| Depreciation | **4,301** | 1,704 | 2,597 | 152.4 |
| Amortisation | **4,843** | 2,187 | 2,656 | 121.4 |
| Other non-operating expense | **978** | 320 | 658 | 205.6 |
| **Adjusted EBITDA** | **4,860** | 7,211 | (2,351) | (32.6) |

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 | $ Change | % Change |
|---|---|---|---|---|
| **(Loss)/profit for the period** | **(2,974)** | 5,456 | (8,430) | (154.5) |
| Income tax benefit/(expense) | **1,823** | (876) | 2,699 | (308.1) |
| **(Loss)/profit before income tax** | **(4,797)** | 6,332 | (11,129) | (175.8) |
| Interest income, net | **(465)** | (1,238) | 773 | (62.4) |
| **(Loss)/profit before interest and taxes** | **(5,262)** | 5,094 | (10,356) | (203.3) |
| Depreciation | **4,301** | 1,551 | 2,750 | 177.3 |
| Amortisation | **4,843** | 2,036 | 2,807 | 137.9 |
| Other non-operating expense/(income) | **978** | (390) | 1,368 | (350.8) |
| **Adjusted EBITDA** | **4,860** | 8,291 | (3,431) | (41.4) |

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 at the dates indicated:

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Financial assets at fair value through other comprehensive income | **12,941** | 47,925 |
| Deposits, prepayments and other receivables | **2,978** | 2,518 |
| Restricted cash | **2,250** | 10,185 |
| Cash and cash equivalents | **31,317** | 7,795 |
| **Total current assets** | **49,486** | 68,423 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Borrowings | **5,982** | 21,500 |
| Lease liabilities | **411** | 692 |
| Trade payables | **2,696** | 2,258 |
| Other payables and provisions | **2,536** | 3,389 |
| Amounts due to related parties | **28** | 44 |
| Contract liabilities | **19,739** | 19,259 |
| Current income tax liabilities | **34** | 13 |
| **Total current liabilities** | **31,426** | 47,155 |
| **NET CURRENT ASSETS** | | |
| **Net current assets** | **18,060** | 21,268 |
| **EQUITY** | | |
| **Total equity and non-controlling interest** | **35,042** | 45,514 |

## 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 14.0% and US$3.2 million to US$25.7 million as at June 30, 2021, from US$22.5 million as at June 30, 2020. The US$3.2 million increase was primarily due to the US$6.5 million growth in our new platform solutions, including the BioBytes™ application, less US$4.4 million amortisation. Currency movements added US$0.9 million to the net book value of the technology platform.

## Deposits, Prepayments and Other Receivables

Our deposits, prepayments and other receivables increased to US$3.1 million as at June 30, 2021, from US$2.9 million as at June 30, 2020. The increase was mainly associated with reductions of prepaid expenses.

## Trade Payables

Our trade payables increased to US$2.7 million as at June 30, 2021, from US$2.3 million as at June 30, 2020. The increase was mainly associated with moving vendors to more favorable payment terms.

## Amounts Due to Related Parties

Our amounts due to related parties were US$28 thousand as at June 30, 2021, compared to US$44 thousand as at June 30, 2020.

## Contract Liabilities

Contract liabilities mainly consist of membership fees prepaid by subscribers for which the related services had not been rendered in full as at 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 consolidated statement of financial position.

Our contract liabilities increased by 2.4% to US$19.7 million as at June 30, 2021, from US$19.3 million as at June 30, 2020. The change in subscribers and annual rate contributed to the increased liabilities.

## Equity

Our total equities were US$35.0 million and US$45.5 million as at June 30, 2021, and as at June 30, 2020, respectively. The significant decrease was primarily due to acquisitions of 8,050,500 RSA shares equaling a US$9.0 million reduction in equity, and our net loss for the year.

## KEY FINANCIAL RATIOS

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

| | **As at and for the 12 months ended June 30, 2021** | As at and for the 18 months ended June 30, 2020 | As at and for the 12 months ended June 30, 2020 |
|---|---|---|---|
| Gross Profit margin | 87.0% | 93.5% | 93.4% |
| Net Profit margin | (7.9)% | 4.1 % | 14.8 % |
| Working capital *(US$ in thousands)*[(1)] | 18,060 | 21,268 | 21,268 |
| Current ratio[(2)] | 1.6 | 1.5 | 1.5 |
| Gearing ratio[(3)] | 89.8% | 47.2 % | 47.2 % |
| Return on equity[(4)] | (7.4)% | 9.6 % | 11.4 % |
| Return on assets[(5)] | (3.0)% | 2.7 % | 5.4 % |

Notes:

(1) Working capital is calculated by subtracting (i) current liabilities from (ii) current assets as at the date indicated.

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

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

(4) 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.

(5) 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 Period".

### Working Capital

Our working capital decreased to US$18.1 million as at June 30, 2021, from US$21.3 million as at June 30, 2020, primarily due to the purchase of Shares into the RSA trust.

### Current Ratio

The current ratio remained consistent at 1.6 as at June 30, 2021 and June 30, 2020.

### Gearing Ratio

The increase in the gearing ratio (calculated by dividing (i) total debts by (ii) total equity) to 89.8% as at June 30, 2021, from 47.2% as at June 30, 2020, is due to the recapitalisation of our EnTie debt from US$20.0 million short-term borrowings to a US$30.0 million long-term borrowing facility with US$1.5 million due in December 2021 coupled with the net loss for the period and acquisitions of RSA shares in equity.

### Return on Equity

Our return on equity decreased to (7.4)% as at the 12 months ended June 30, 2021, from 9.6% as at the 18 months ended June 30, 2020, and 11.4% as at the 12 months ended June 30, 2020, primarily due to a decrease from a net profit in the prior accounting period to a net loss in the current accounting period.

### Return on Assets

Our return on assets decreased to (3.0)% as at the 12 months ended June 30, 2021, from 2.7% as at the 18 months ended June 30, 2020 and 5.4% as at the 12 months ended June 30, 2020, primarily due to a decrease from a net profit in the prior accounting period to a net loss in the current accounting period.

## CAPITAL EXPENDITURE AND COMMITMENTS

### Capital Expenditure

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

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Property, plant and equipment | **7,303** | 4,672 |
| Acquisition of Who Are You Limited | **—** | 72 |
| Software | **175** | 473 |
| Self-developed technology platform | **6,513** | 7,339 |
| **Total** | **13,991** | 12,556 |

Our capital expenditures increased to US$14.0 million as at June 30, 2021 from US$12.6 million as at June 30, 2020, The capital expenditure on the technology platform decreased by US$0.8 million as the SEC$^3$URE GO! project was largely completed in the prior accounting period. The main projects capitalised in the current accounting period are SEC$^3$URE BioBytes™ and Link. Capital expenditures on property, plant and equipment have increased by US$2.6 million relating to the investment in the new global headquarters in Flower Mound, Texas. 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. In January 2021, we contributed an additional US$0.4 million as the second installment of our commitment.

During the 12 months ended June 30, 2021, the Group entered into contracts to buy property, plant and equipment for US$1.6 million. Delivery is expected throughout the next financial year.

## 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 at June 30, 2021, the cash and cash equivalents, net current assets, and total assets less current liabilities were US$31.3 million (US$7.8 million as at June 30, 2020); US$18.1 million (US$21.3 million as at June 30, 2020); and US$70.3 million (US$50.0 million as at June 30, 2020), respectively.

## NET CURRENT ASSETS

We had net current assets of US$18.1 million as at June 30, 2021, a decrease of US$3.2 million as compared to US$21.3 million as at June 30, 2020. Total current assets decreased by US$18.9 million which was primarily attributable to the acquisition of US$9.0 million of RSA shares and US$5.0 million of additional required restricted cash deposits on debt. Current restricted cash of 50.0% of borrowings decreased by US$7.9 million. This decrease reflects the reclassification of borrowings from current to non-current net of payments. Total current liabilities decreased by US$15.7 million due to the reclassification of borrowings from current to non-current.

## RESTRICTED CASH

The current and non-current portions of our restricted cash consisted predominantly 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$15.2 million, as at June 30, 2021, and the current and non-current restricted cash was US$10.3 million as at June 30, 2020. The increase of US$4.8 million corresponded to the recapitalisation of our EnTie debt to a long-term facility.

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

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Restricted cash — Non-current | **12,919** | 163 |
| Restricted cash — Current | **2,250** | 10,185 |
| **Total** | **15,169** | 10,348 |

The current restricted cash as at June 30, 2021 represented the restricted deposits held as security for the current portion of a bank facility of our Group. The non-current restricted cash of US$12.9 million as at June 30, 2021 represented the restricted deposits held as security for the non-current portion of a bank facility of our Group, as well as the restricted deposits held in the employee shares trust. The current restricted cash as at June 30, 2020 represented the restricted deposits held as security for a bank facility of our Group. The non-current restricted cash as at June 30, 2020 represented the restricted deposits held in the employee shares trust.

## PLEDGE OF ASSETS

As at June 30, 2021, the Group has pledged current and non-current restricted cash of US$15.0 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 12 months ended June 30, 2021, 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, restricted cash, and promissory notes are denominated in the following currencies:

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| USD | **25,918** | 62,367 |
| HKD | **19,672** | 1,193 |
| GBP | **199** | 267 |
| NTD | **76** | 21 |
| CAD | **42** | 28 |
| EUR | **2** | 4 |
| **Total** | **45,909** | 63,880 |

## 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 8.0% 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, 2021 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 utilising 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 8.0% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. For the details of the promissory notes, please refer to the Company's announcements dated May 19, 2020, April 20, 2021, April 26, 2021, June 21, 2021 and July 21, 2021.

As at June 30, 2021, the Group redeemed the majority of the promissory notes and received the principal and interest expected. At the financial year end, the Group retained one promissory note of the original 2019 investment amounting to US$12.3 million, inclusive of interest receivable. This asset comprises 24.9% of total current assets and 12.1% of total assets. Under IFRS, this is considered a significant concentration of the Group's assets. The note has been subsequently redeemed for the expected principal and interest. For details of our subsequent promissory note redemption, see "— Events After the Reporting Period".

## INDEBTEDNESS

### Borrowings

During the reporting period, the Company's subsidiary recapitalised its borrowings from US$20.0 million short-term borrowings to a US$30.0 million long-term borrowing facility. The new long-term borrowings were negotiated with our main lending bank, EnTie Commercial Bank. The interest rate on the borrowings ranged between 2.46%–2.77% and carries a three year term, with the first payment due in December 2021. Additional details of the borrowings are found in the footnotes of the consolidated financial statements.

Our total borrowing balance as at June 30, 2021, was US$31.5 million with variable interest rates per annum ranged between 1.69%–2.77% (June 30, 2020: US$21.5 million with variable interest rates per annum ranged between 3.02%–6.84%). As at June 30, 2021, there were no borrowings with fixed interest rates. The borrowings are secured by certain bank deposits and are in US$.

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| **Borrowings** | | |
| — Current | **5,982** | 21,500 |
| — Non-current | **25,491** | — |
| **Total** | **31,473** | 21,500 |

## CONTINGENT LIABILITIES

As at June 30, 2021, the Company had the following 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 at 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. ("**Repifi**") filed a patent infringement lawsuit against IntelliCentrics, Inc. and the Company in the Eastern District of Texas. The lawsuit alleged that IntelliCentrics, Inc.'s visitor access and credentialing systems advertised as SEC$^3$URE Go! for use on the SEC$^3$URE Ethos technology platform infringe U.S. Patent No. 10,304,268.

a. IntelliCentrics, Inc. filed its motion to dismiss on August 18, 2020 based on the argument that Repifi's patent is invalid for failing to claim patentable subject matter because it is directed to and claimed an abstract idea. On March 3, 2021, the Court agreed with IntelliCentrics, Inc.'s argument that Repifi's patent claimed the abstract idea of credentialing visitors and checking the visitor in and out of an access-controlled environment. The Court concluded the claim merely delineates "a method for accomplishing this longstanding human activity," and implements that method using "existing technology such as smart phones and electronic badges." The Court also found that Repifi's patent did not contain an inventive concept. The motions to dismiss were granted by the court on behalf of IntelliCentrics, Inc..

b. On April 27, 2021, Repifi filed an appeal on the granting of the motions to dismiss. The appeal hearing will likely take place in the fall of 2021 and at this time no date has been set for the appeal hearing to be held.

Except as disclosed above, as at June 30, 2021, the Group did not have other material contingent liabilities.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please see "Financial Information — Financial Risk Management" (Note 37).

## DIVIDENDS

The Board does not recommend the payment of a final dividend for the 12 months ended June 30, 2021.

## CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards. During the 12 months ended June 30, 2021, the Company has applied the principles as set forth in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") 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 12 months ended June 30, 2021.

## 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, 2021. 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 RSA Schemes, during the 12 months ended June 30, 2021, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities.

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

In January 2021, we contributed an additional US$0.4 million to our joint venture, Sciencare. The joint venture company was incorporated in the People's Republic of China (the "**PRC**") with limited liability on March 21, 2018. Sciencare is using IntelliCentrics' health technology in developing a healthcare technology system in the PRC 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 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 US$0.1 million as at June 30, 2021, which amounted to less than 1% of the total assets of the Group. For the 12 months ended June 30, 2021, 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. 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$0.6 million as at June 30, 2021 or approximately 0.6% of the Company's total assets. As at June 30, 2021, the Company had recorded an unrealised loss on this investment of US$4.4 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, 2021. For the 12 months ended June 30, 2021, there were no dividends received from this investment.

## FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As of June 30, 2021, there were no future plans for material investments or capital assets.

## EVENTS AFTER THE REPORTING PERIOD

### Distribution and Recovery of Unauthorised Disbursements

On June 29, 2021, the Group fell victim to the Incident. As a result, US$1.0 million was disbursed to international bank accounts unassociated with the Group. As at June 30, 2021, US$1.0 million was recorded in other receivables. On July 5, 2021, the Group disbursed an additional US$6.0 million related to the Incident. The Group recovered US$1.0 million, less adjustments for fees and foreign currency exchange on July 19, 2021. The Group is coordinating with law enforcement and legal authorities to recover the remaining funds. The Group will record a loss of US$6 million if the funds are not recovered during the next financial year.

### Redemption of Promissory Note

On July 21, 2021, the Company received the principal and the accrued interest related to the redemption of the final promissory note equal to US$12.3 million. A gain of US$0.1 million was also recorded on the redemption. After the redemption, there are no outstanding promissory note balances.

### Establishing a Taiwan Operating Company

On August 24, 2021, the Group received certificates for IntelliCentrics International, Ltd., a Cayman Island Corporation to establish an operating company to support the BioBytes™ subscribers in Taiwan.

## REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the audited annual results of the Group for the 12 months ended June 30, 2021. It is the opinion of the Audit Committee that the preparation of such annual results had been prepared in accordance with the applicable accounting principles and standards and adequate disclosures have been made.

# Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Lin Tzung-Liang (林宗良)**, aged 57, 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 52, 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 63, 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 62, 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 69, 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 54, 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 56, 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 China New Higher Education Group Limited, which is a company 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 57, has been the Chief Financial Officer since December 9, 2019, leads and develops the Company's global financial operations including the 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 45, has been the Chief Innovation Officer since February 15, 2016, where he oversees all technology innovation, including our technology and product innovation teams, 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, the vice president (strategy) from 2006 to 2011 and the executive vice president (product and marketing platforms (cloud)) from 2011 to 2015. Between May 2015 and February 2016, Mr. Taylor served as the vice president (product management) of nThrive (formerly known as MedAssets, Inc.).

Mr. Taylor was admitted to 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 57, 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. Ambai Venkatesa**, aged 58, has been the Chief Software Development Officer since March 15, 2021 and is responsible for teams developing and maintaining the Company's platform solutions in pursuit of its Trust as a Technology mission.

Mr. Venkatesa's career has been built on creating innovative technology solutions for a variety of businesses including media and insurance. He has deep experience in leveraging global delivery models having built and run offshore development centers for Tanning Technology. Mr. Venkatesa has founded startups in publishing services and logistics, using technology to drive differentiation and to scale growth.

Mr. Venkatesa holds a bachelor's degree in Chemical Engineering from Manipal Institute of Technology, India and a graduate degree in Business Computing Science from Texas A&M University.

**Ms. Nicola Arcos**, aged 44, has been our Managing Director for the United Kingdom and European region since December 1, 2020. Ms Arcos founded Who Are You Ltd, a UK based credentialing company in April, 2013 which was acquired by IntelliCentrics on January 8th, 2019. She has extensive knowledge of the UK market across both the NHS and private sector reaching out into Europe.

Prior to Who Are You Ltd, Ms. Arcos successfully ran sales and marketing in the data storage arena in partnership with EMC, StorageTek, Veritas and ADIC. With her leadership TriSys Ltd became the leading provider of IT infrastructure services enabling organisations to consolidate, virtualise and manage their IT environments resulting in it being purchased in January 2006.

Ms. Arcos has over 20 years management and sales experience in data management. Her ability to combine entrepreneurial drive with business management skills resulted in substantial market share in the credentialing arena in the UK. Ms Arcos was awarded a bursary to attend the prestigious Dame Alice Harpur School where she studied for her A-Levels receiving grades A, B & C. She then joined Barclays Bank on their fast-track programme working her way to senior management at a rapid pace.

The Directors submit their annual report together with the audited consolidated financial statements for the 12 months ended June 30, 2021.

## 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 of June 30, 2021, the status on the allocation and the usage of net proceeds from the Company's Global Offering on March 27, 2019.

| Items | Net proceeds from the Global Offering (including proceeds from the exercise of the Over-Allotment Option) *(HK$ million)* | Utilised between March 27, 2019 and June 30, 2021 *(HK$ million)* | Unutilised as of June 30, 2021 *(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 | 49.42 | 185.18 | Expected to be fully utilised by the end of March 2022 |
| Repaying the principal amount of a bank facility in connection with the Reorganisation | 117.70 | 116.88 | 0.82 | Expected to be fully utilised by the end of March 2022 |
| 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** | **210.95** | **186.00** | |

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$

| Items | Net proceeds from the Global Offering (including proceeds from the exercise of the Over-Allotment Option) *(US$ million)* | Utilised between March 27, 2019 and June 30, 2021 *(US$ million)* | Unutilised as of June 30, 2021 *(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 | 6.34 | 23.77 | Expected to be fully utilised by the end of March 2022 |
| Repaying the principal amount of a bank facility in connection with the Reorganisation | 15.11 | 15.00 | 0.11 | Expected to be fully utilised by the end of March 2022 |
| 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** | **27.07** | **23.88** | |

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 medical service providers. The platform collects and verifies data and information in accordance with government regulations and the requirements for approximately 10,000 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, the Company accelerated its pace to release over 300 enhancements to the platform including collect, monitor, and schedule for LoCs, medical professionals, the patient and their friends and family.

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 34 to 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 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 37 to the consolidated financial statements. Significant events that have impacted the Group after the end of the financial year ended June 30, 2021 are set out in Note 41 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 impacts as 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 Operating 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 12 months ended June 30, 2021, 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 Schemes. 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

#### Distribution and Recovery of Unauthorised Disbursements

On June 29, 2021, the Group fell victim to the Incident. As a result, US$1.0 million was disbursed to international bank accounts unassociated with the Group. As at June 30, 2021, US$1.0 million was recorded in other receivables. On July 5, 2021, the Group disbursed an additional US$6.0 million related to the Incident. The Group recovered US$1.0 million, less adjustments for fees and foreign currency exchange on July 19, 2021. The Group is coordinating with law enforcement and legal authorities to recover the remaining funds. The Group will record a loss of US$6 million if the funds are not recovered during the next financial year.

#### Redemption of Promissory Note

On July 21, 2021, the Company received the principal and the accrued interest related to the redemption of the final promissory note equal to US$12.3 million. A gain of US$0.1 million was also recorded on the redemption. After the redemption, there are no outstanding promissory note balances.

#### Establishing a Taiwan Operating Company

On August 24, 2021, the Group received certificates for IntelliCentrics International, Ltd., a Cayman Island Corporation to establish an operating company to support the BioBytes™ subscribers in Taiwan.

## RESULTS AND DIVIDEND

The results of the Group for the 12 months ended June 30, 2021 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss" of this annual report. The Board does not recommend the payment of a final dividend for the 12 months ended June 30, 2021.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, December 7, 2021 to Friday, December 10, 2021, both days inclusive, in order to determine the eligibility of shareholders to attend the annual general meeting, during which period no share transfers will be registered. To be eligible to attend the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, December 6, 2021.

## SHARE CAPITAL

Details of the movements in the share capital of the Company for the 12 months ended June 30, 2021, 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 12 months ended June 30, 2021 are set out in the section headed "Consolidated Statement of Changes in Equity" of this annual report. As at June 30, 2021, the Company had a share premium balance of US$77.1 million, which shall be available for distribution to the Shareholders.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements for the 12 months ended June 30, 2021 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 at June 30, 2021, the Group had borrowings of US$31.5 million (June 30, 2020: US$21.5 million).

## PLEDGE OF ASSETS

As at June 30, 2021, the bank deposits of US$15.0 million (June 30, 2020: US$10.2 million) were restricted deposits held as security for certain banking borrowings of the Group.

## MAJOR CUSTOMERS AND SUPPLIERS

Our customers are comprised of our LoCs and paying subscribers. As of June 30, 2021, we had 113,421 paying subscribers in the United States, the country in which a significant portion of our customers are located. In the 12 months ended June 30, 2021, no single customer contributed more than 1.0% 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 36.8% (June 30, 2020: 49.9%) of the total purchases for the financial year and purchases from the largest supplier accounted for approximately 15.2% (June 30, 2020: 24.4%) 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 5.0% 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 12 months ended June 30, 2021.

## 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

### Independent Non-executive Directors

Mr. Hsieh Yu Tien
Ms. Huang Yi-Fen
Mr. Wong Man Chung Francis

## 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. None of the directors are related to each other.

## 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.

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 12 months ended June 30, 2021 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 35 to the consolidated financial statements in this annual report.

The remuneration of the members of the senior management by band for the 12 months ended June 30, 2021 and 18 months ended June 30, 2020 is as follows:

| | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| | *(number of individuals)* | |
| **Emoluments bands:** | | |
| HK$0 to HK$1,000,000 | **2** | 1 |
| HK$1,500,001 to HK$2,000,000 | **1** | 2 |
| HK$2,000,001 to HK$2,500,000 | **2** | 1 |
| HK$2,500,001 to HK$3,000,000 | **1** | — |
| HK$3,000,001 to HK$3,500,000 | **1** | 1 |
| HK$6,000,001 to HK$6,500,000 | **—** | 1 |
| **Total**[(1)] | **7** | 6 |

Note:

(1) During the 12 months ended June 30, 2021, two members of the Group's senior management exited the Group and two new members joined the Group. As such, a total of seven members of the Group's senior management received remuneration during the 12 months ended June 30, 2021. 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, 2021, the Group had 141 employees (June 30, 2020: 186 employees). Total staff remuneration expenses including Directors' remuneration for the 12 months ended June 30, 2021, equals US$16.1 million (June 30, 2020: US$24.0 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, the RSA Scheme, and the RSA Scheme for Core Connected Persons 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 are 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, 2021.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Saved as disclosed in the section headed "Relationship with Our Controlling Shareholders" of the Prospectus and this annual report, as of June 30, 2021, 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, 2021, 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

| Name of Directors 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 | 5,366,869 | 1.17 % |
| 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) Michael Sheehan Irrevocable Trust is a trust 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 Michael Sheehan Irrevocable Trust. Mr. Sheehan is also interested in 5,000,000 share options granted to him under the Pre-IPO Share Option Scheme entitling him to receive 5,000,000 Shares subject to vesting as well as 366,869 share awards granted to him under the RSA Scheme for Core Connected Persons entitling him to receive 366,869 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, 2021, 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, 2021, 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% |
| Michael Sheehan Irrevocable 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) Michael Sheehan Irrevocable Trust is a trust 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 Michael Sheehan Irrevocable Trust.

Save as disclosed above, as of June 30, 2021, 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 the 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.

On April 15, 2021, the Board approved for participants in this plan to voluntarily transition their share option grants in the Pre-IPO Share Option Scheme into the Company's RSA Scheme. These replacement awards bear the same exercise price and vesting conditions as the original Pre-IPO Share Option Scheme grants and provide the grantees with the benefits of an internet portal to self-manage share option transactions.

As of June 30, 2021, the Company had net granted share options under the Pre-IPO Share Option Scheme to 2 grantees for 5,040,000 Shares. As of June 30, 2021, 3,072,500 share options have lapsed under the Pre-IPO Share Option Scheme due to resignation of staff, 2,016,000 share options have been vested, none of the outstanding share options have been exercised, and 3,422,500 have been cancelled due to conversion to the RSA Scheme.

| | Outstanding share options *(in thousands)* | Average exercise price *(US$ per Share)* | Aggregate intrinsic value *(US$'000)* |
|---|---|---|---|
| Beginning share options authorised at US$0.875 | 11,700.0 | 0.875 | |
| Original share options granted on February 18, 2019 | 11,535.0 | 0.875 | |
| Lapsed under scheme | (3,072.5) | 0.875 | |
| Cancelled | (3,422.5) | 0.875 | |
| **Balance as at June 30, 2021** | **5,040.0** | **0.875** | |
| Vested | 2,016.0 | 0.875 | 542 |
| **Exercisable at of June 30, 2021** | **2,016.0** | **0.875** | **542** |

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, 2021, the aggregate intrinsic value of vested share options was US$542 thousand.

Details of the interests of the Directors and other employees of the Group in the Pre-IPO Share Option Scheme 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 | US$0.875 | 5,000.0 |
| **Sub-total:** | | | | | **5,000.0** |
| Other Employees in Aggregate | | February 18, 2019 | 5 years | US$0.875 | 40.0 |
| **Total** | | | | | **5,040.0** |

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 *(US$ per Share)* | Vesting schedule *(in thousands)* |
|---|---|---|
| Financial Year Ended June 2020 | 0.875 | 1,008.0 |
| Financial Year Ending June 2021 | 0.875 | 1,008.0 |
| Financial Year Ending June 2022 | 0.875 | 1,008.0 |
| Financial Year Ending June 2023 | 0.875 | 1,008.0 |
| Financial Year Ending June 2024 | 0.875 | 1,008.0 |
| **Total** | | **5,040.0** |

## RSA SCHEMES

The Company adopted the RSA Scheme by the Board's resolutions dated April 26, 2019, and the RSA Scheme for Core Connected Persons by Board resolution dated October 20, 2020 (collectively the "**RSA Schemes**"). The purposes of the RSA Schemes 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 both the schemes are 10 years and the RSA Schemes are overseen by the corresponding administration committees as determined by the Board. The function of administration committees is to approve the grants programs, vesting schedules, Shares purchases, and all other aspects of the RSA Schemes. The RSA Schemes 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 trusts, which are managed at Computershare Hong Kong Investor Services Limited and Tricor Services Limited according to the rules of the trusts. The RSA Schemes do not constitute share option schemes or arrangements analogous to share option schemes for the purpose of Chapter 17 of the Listing Rules.

## RSA Scheme

| | RSA Scheme | | | RSA Scheme for Core Connected Persons | | |
|---|---|---|---|---|---|---|
| | Number of share awards *(in thousands)* | Weighted average exercise price *(US$ per Share)* | Aggregate intrinsic value *(US$ in thousands)* | Number of share awards *(in thousands)* | Weighted average exercise price *(US$ per Share)* | Aggregate intrinsic value *(US$ in thousands)* |
| As at January 1, 2019 | — | — | | — | — | |
| Share awards granted | 1,850.0 | 0.879 | | — | — | |
| Balance as at June 30, 2020 | 1,850.0 | 0.879 | — | — | — | — |
| Vested | — | — | — | — | — | — |
| Exercisable as at June 30, 2020 | — | — | — | — | — | — |
| As at July 1, 2020 | 1,850.0 | 0.879 | | — | — | |
| Share awards granted | 6,506.4 | 0.756 | | 366.9 | — | |
| Lapsed under scheme | (1,028.3) | 0.830 | | — | — | |
| Exercised | (567.4) | 0.003 | | (238.5) | — | |
| Expired | — | — | | — | — | |
| Cancelled | — | — | | — | — | |
| Balance as at June 30, 2021 | 6,760.7 | 0.842 | — | 128.4 | — | — |
| Vested | 1,617.0 | 0.875 | 435 | — | — | — |
| Exercisable as at June 30, 2021 | 1,617.0 | 0.875 | 435 | — | — | — |

| 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 awards under the scheme |
|---|---|---|---|---|---|
| **Senior Management of our Company** | | | | | |
| Charles R. Christopherson, Jr. | Chief financial officer | December 9, 2019 | 4 years | USD0.875 | 1,000,000 |
| | | January 18, 2021 | 65% on June 30, 2021 and 35% on October 1, 2021 | — | 129,311 |
| David Edward Taylor | Chief innovation officer | February 18, 2019 | 5 years | USD0.875 | 1,300,000 |
| | | January 18, 2021 | 65% on June 30, 2021 and 35% on October 1, 2021 | — | 99,425 |
| Michael McDonald | Chief operating officer | February 18, 2019 | 5 years | USD0.875 | 500,000 |
| | | January 18, 2021 | 65% on June 30, 2021 and 35% on October 1, 2021 | — | 68,992 |
| | | March 3, 2021 | 3 years | HKD6.850 | 350,000 |
| Ambai Venkatesa | Chief software development officer | March 15, 2021 | 4 years | HKD6.850 | 700,000 |
| Nicola Arcos | Managing Director for the United Kingdom and European region | February 18, 2019 | 5 years | USD0.875 | 67,500 |
| | | January 18, 2021 | 65% on June 30, 2021 and 35% on October 1, 2021 | — | 6,716 |
| | | March 3, 2021 | 4 years | HKD6.850 | 782,500 |
| **Subtotal:** | | | | | **5,004,444** |
| Other Employees in Aggregate and Consultants of our Company | | February 18, 2019 | 5 years | USD0.875 | 1,555,000 |
| | | January 18, 2021 | 65% on June 30, 2021 and 35% on October 1, 2021 | — | 596,912 |
| | | April 1, 2021 | 4 years | HKD6.850 | 350,000 |
| **Total** | | | | | **7,506,356** |

As of June 30, 2021, the RSA Scheme had 98 grantees.

## RSA Scheme for Core Connected Persons

| 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 awards under the scheme |
|---|---|---|---|---|---|
| **Director of our Company** | | | | | |
| Michael James Sheehan | Executive Director and chief executive officer | January 18, 2021 | 65% on June 30, 2021 and 35% on October 1, 2021 | — | 366,869 |
| **Total** | | | | | **366,869** |

| Tranche | RSA Scheme Average exercise price *(US$ per Share)* | RSA Scheme Vesting schedule *(in thousands)* | RSA Scheme for Core Connected Persons Average exercise price *(US$ per Share)* | RSA Scheme for Core Connected Persons Vesting schedule *(in thousands)* |
|---|---|---|---|---|
| Financial Year Ended June 2020 | 0.875 | 684.5 | — | — |
| Financial Year Ending June 2021 | 0.538 | 1,520.3 | — | 238.5 |
| Financial Year Ending June 2022 | 0.726 | 1,824.8 | — | 128.4 |
| Financial Year Ending June 2023 | 0.878 | 1,509.3 | — | — |
| Financial Year Ending June 2024 | 0.878 | 1,509.3 | — | — |
| Financial Year Ending June 2025 | 0.882 | 458.1 | — | — |
| **Total** | | **7,506.3** | | **366.9** |

As of June 30, 2021, the RSA Scheme for Core Connected Persons had one grantee.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the 12 months ended June 30, 2021, 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 TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, the Company's previous annual reports 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 12 months ended June 30, 2021.

## RELATED PARTY TRANSACTIONS

Related party transactions during the 12 months ended June 30, 2021, are disclosed in Note 32 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 March 15, 2021, the Group entered into a management contract with Ambai Venkatesa, pursuant to which Mr. Venkatesa would be the Group's Chief Software Development Officer. He was interviewed and his career history was reviewed by the Board of Directors on March 17, 2021. On December 1, 2020, the Group entered into a management contract with Nicola Arcos, pursuant to which Ms. Arcos would serve as the Managing Director of the United Kingdom and European region.

## 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 12 months ended June 30, 2021.

## 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 Schemes", 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. KPMG LLP based in the United States was appointed in June 2020 as the auditor of the Company and was re-appointed by shareholder approval at the Company's AGM on December 15, 2020. KPMG LLP shall retire at the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of KPMG LLP as auditor of the Company will be proposed at the forthcoming AGM.

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

Hong Kong, October 26, 2021

# 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. During the 12 months ended June 30, 2021, 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 during the 12 months ended June 30, 2021.

## BOARD OF DIRECTORS

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

### Executive Directors

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

### Non-executive Directors

Mr. Lin Kuo-Chang
Mr. Leo Hermacinski

### Independent Non-executive Directors

Mr. Hsieh Yu Tien
Ms. Huang Yi-Fen
Mr. Wong Man Chung Francis

## 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 of June 30, 2021, 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.

Each of the Directors participates 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 July 1, 2020 and up to the June 30, 2021, the Directors kept abreast of matters relevant to their role as directors by reading and viewing materials about corporate governance and the roles, functions and duties of a Director from time to time. In addition, the Company's attorneys provided in-depth learning summaries to the Directors relating to, among others, requirements under the Listing Rules.

## BOARD COMMITTEES

The Board has established five Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, and two RSA Scheme Administration Committees for overseeing the particular aspects of the Company's affairs. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee 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 is 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.

During the 12 months ended June 30, 2021, the Audit Committee held five meetings. The members of the Audit Committee reviewed and discussed with the external auditors of the Company the audited annual results of the Group for the 12 months ended June 30, 2021. They were of the opinion that the preparation of such annual results had been prepared in accordance with the applicable accounting principles and standards and adequate disclosures have 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.

During the 12 months ended June 30, 2021, 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 A.5 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.

During the 12 months ended June 30, 2021, the Nomination Committee held one meeting 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.

## Connected Persons RSA Administration Committee

The Connected Persons RSA Administration Committee is a sub-committee of the Board delegated with the power and authority to administer the Scheme. This Administration Committee consists of two members, namely, Mr. Lin Tzung-Liang (Chairman) and Mr. Hsieh Yu Tien (independent non-executive Director). One meeting was held by this Administration Committee during the 12 months ended June 30, 2021, and up to the date of this report.

## Non-Connected Persons RSA Administration Committee

The Non-Connected Persons RSA Administration Committee is a sub-committee of the Board delegated with the power and authority to administer the Scheme. This 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). Two meetings were held by this Administration Committee during the 12 months ended June 30, 2021, and up to the date of this report.

## Director Nomination Policy

The Company has adopted a 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 a 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 7 meetings since the previous financial year and up to June 30, 2021. Details of the Directors' attendance at the Board meetings, Board Committee meetings and the AGM held in the current financial year are set out in the following table:

| | Attendance/Number of meetings | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Administration Committee | | |
| Name of Directors | Board | Nomination Committee | Remuneration Committee | Audit Committee | RSA Scheme for Core Connected Persons | RSA Scheme for Non-Connected Persons | Annual General Meeting |
| *Executive Directors* | | | | | | | |
| Mr. Lin Tzung-Liang | 7/7 | 1/1 | N/A | N/A | 1/1 | N/A | 1/1 |
| Mr. Michael James Sheehan | 7/7 | N/A | N/A | N/A | N/A | 2/2 | 1/1 |
| *Non-executive Directors* | | | | | | | |
| Mr. Lin Kuo-Chang | 7/7 | N/A | 2/2 | N/A | N/A | N/A | 1/1 |
| Mr. Leo Hermacinski | 7/7 | N/A | N/A | 5/5 | N/A | N/A | 1/1 |
| *Independent Non-executive Directors* | | | | | | | |
| Mr. Hsieh Yu Tien | 7/7 | 1/1 | 2/2 | N/A | 1/1 | N/A | 1/1 |
| Ms. Huang Yi-Fen | 7/7 | 1/1 | N/A | 5/5 | N/A | N/A | 1/1 |
| Mr. Wong Man Chung Francis | 7/7 | N/A | 2/2 | 5/5 | N/A | 2/2 | 1/1 |

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the 12 months ended June 30, 2021. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

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

## AUDITOR'S REMUNERATION

The remuneration paid to KPMG for audit and non-audit services for the 12 months ended June 30, 2021 amounted to approximately US$1.4 million and nil, respectively (PwC: US$0.4 million and US$0.4 million for the 18 months ended June 30, 2020, respectively). The audit and audit-related services conducted by KPMG were mainly comprised of statutory audits and reviews on the interim results for the Group. The audit and audit-related services conducted by PwC in the prior accounting period were mainly comprised of statutory audits and reviews 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

The Group's risk management and internal controls systems are reviewed on a semi-annual basis in December and June of each year and covers the systems in place during these six month periods.

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.

For the 12 months ended June 30, 2021, 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 12 months ended June 30, 2021.

## ANNUAL GENERAL MEETING

The Company encourages its shareholders to attend the Company's Annual General Meeting to communicate their views and concerns to the Board directly so as to ensure a high level of accountability and also to stay informed of the Company's strategies, developments and goals.

The 2021 AGM will be held on December 10, 2021. The notice of the AGM will be sent to the shareholders at least 20 clear business days before the AGM. Information and approved resolutions can be found on the Company's website (www.intellicentrics-global.com).

# Environmental, Social and Governance Report

# Environmental, Social and Governance Report

## ABOUT THE REPORT

### Introduction

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 the environmental, social and governance ("ESG") concepts into its risk management mechanism and the corresponding measures are going to be taken from day-to-day operations and governance perspectives.

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

The Group publishes an ESG report each year. Due to the change of financial year end as mentioned in the Company's announcement dated December 31, 2019, the Group published the previous ESG report for the 18-month period from January 1, 2019 to June 30, 2020 in October 2020.

### Reporting Period

This ESG Report describes the ESG activities, challenges, and measures taken by the Group from July 1, 2020 to June 30, 2021 (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 during 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.

The reporting boundary is determined according to the corresponding materiality of each entity to our business and operations. Entities outside the scope of the ESG Report can be found in the Annual Report 2021 "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 Report of the Annual Report 2021. This ESG Report has undergone the internal review process of the Group and was reviewed by the Board.

## Reporting Principles

| Reporting principles | Interpretation | Application of reporting principles |
|---|---|---|
| Materiality | The Group shall report the ESG issues that have an important impact on the Group and its stakeholders. | This ESG Report is structured based on the materiality of respective issues, resulting from stakeholder engagement and materiality assessment process. The materiality of issues was reviewed and confirmed by the Board and ESG Steering Committee. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details. |
| Quantitative | The key performance indicators ("KPIs") must be measurable. Information on the standards, methodologies, assumptions or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption should be disclosed. | This ESG Report is prepared in accordance with the Reporting Guide and discloses KPIs in a quantitative manner. The KPIs are supplemented by explanatory notes to establish benchmarks where feasible. As announced by the Company on December 31, 2019, the Company changed its prior financial year from 12 months to 18 months. Due to the difference in the length of the reporting period, the data for this financial year and the prior financial year are not comparable. |
| Balance | The Group should objectively and truthfully report on its ESG performance during the Reporting Period. | This ESG Report is based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall performance of the Group in ESG aspects. |
| Consistency | The Group should use consistent disclosure statistical methods to help stakeholders analyse and evaluate its past and current performance. The Group should explain any changes to the method. | Unless otherwise stated, the Group's disclosure and statistical methods are consistent with the previous year for meaningful comparison. If there are any changes that may affect comparison with previous reports, the Group will add comments to the corresponding content of this ESG Report. |

## Contact Us

The Group welcomes comments and suggestions from stakeholders. You may provide your comments on this 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, I am pleased to present the third ESG Report of the Group during 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.

Sustainability is the driving force to tackle challenges and embrace innovation. 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. For example, 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.

We believe a robust governance structure is vital to the successful integration and effective management of sustainability at IntelliCentrics. The Board holds overall responsibility on sustainability matters and oversees the sustainability direction and strategy of the Group. The Board also discusses and reviews the Group's sustainability risks and opportunities, performance and progress regularly. In 2020, the Group reviewed and strengthened its sustainability governance practices, and established an ESG Steering Committee to assist the Board to oversee the Group's ESG management.

The Group recognises that climate change is a growing worldwide concern. The Group strives to develop climate mitigation and adaptation strategies and enhancing our climate-related disclosure. In fiscal year 2021, we formulated our Climate Change Policy to prospectively mitigate the Group's operational influence on climate change in those areas we conduct business and to manage climate change risks that may directly impact our capability to operate on a daily basis. The Group will continue developing new strategies in line with global climate change best practices, to adapt its operations to climate change and to increase its resilience to climate change. We have also conducted a climate risk assessment based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The major climate-related issues that may affect IntelliCentrics and the actions taken to manage these issues are disclosed in this ESG Report.

Looking back to the Reporting Period, the novel coronavirus ("COVID-19") pandemic has continued its severe and profound impacts on the social lives of people and the global economy. Many countries have been undergoing various degrees of lockdown during the Reporting Period. We believe that the COVID-19 vaccine will play a major role in our return to normal. In April 2021, IntelliCentrics released a special white paper entitled "COVID-19 Vaccine — Impact on Healthcare." The paper reviews the impact of the vaccine's distribution and the need for a new level of trust in healthcare. Besides, access to the vaccine may take years given the tiered distribution model. This creates a compliance challenge for locations of care that need a solution today that clearly identifies which individuals can be trusted according to their unique policies. Therefore, we have added the new COVID-19 vaccine credential in our COVID-19 Solution Center to give healthcare facilities a total solution that addresses their needs today while being flexible enough to change without delay.

Looking forward, IntelliCentrics will continue to deepen the integration of ESG concepts both internally and externally, implement sustainable business practices in a more responsible manner, and work together.

In closing, on behalf of the Board and the management team of IntelliCentrics, I 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 Global Holdings Ltd. ("IntelliCentrics") was founded in 2016 on the vision that making the world a safer place was all about letting people in and every participant could benefit. IntelliCentrics is principally engaged in the operation of a technology platform that verifies data and information, enabling different stakeholders to trust its accuracy. The Group is headquartered in the U.S. and has operations all over the world including the UK, Taiwan and Canada. As of June 30, 2021, the Group had a total of 148 employees.

With a mission to use trust to make high-quality healthcare as accessible as a good cup of coffee, IntelliCentrics created the SEC$^3$URE Ethos technology platform. SEC$^3$URE Ethos is a credentialing platform for compliance and security purposes in the healthcare industry. SEC$^3$URE Ethos is built on three core principles — transparency, neutrality, and independence. It builds two-way trust between all stakeholders across the entire continuum of care, including locations, patients, physicians, vendor representatives and clinical contractors. The platform 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 in compliance with the requirements. The Group currently offers two main services on the platform: vendor credentialing solution and medical credentialing solution and derives all of its revenue substantially from annual membership fees received from its paying subscribers for these solutions. The Group also offers certain additional services to help its subscribers to maintain verified status in a timely and cost-efficient manner.

IntelliCentrics has grown into one of the world's largest trusted healthcare technology platforms. Over 10,000 locations of care worldwide rely on the SEC$^3$URE Ethos to ensure mutual trust between patients, doctors, vendor representatives and healthcare companies. In the U.S., Canada and the UK, we have established a longstanding leadership position in the vendor credentialing market. Our service-oriented platform and innovative business model have accumulated a member community of approximately 641,000 subscribers, approximately 113,421 of whom are paying 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. To address the significant need for trusted healthcare information in Asia, we have recently established a joint venture in China, which will introduce the technology platform there.

While striving to become the operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry, the Group will continue to explore areas for achieving sustainable development of business operations.

### What We Believe

| Uphold neutrality | Believe in governance | Believe in value | Give back to the community |
| --- | --- | --- | --- |
| • As a trusted 3rd party, we help everyone prosper and grow. | • We advocate equally for each of our constituents. | • When everyone benefits, we fund the project ourselves. | • The benefit to each member is greater than their contribution. |

## SUSTAINABILITY GOVERNANCE

The sustainability governance structure of the Group provides a solid foundation for developing and delivering on its commitment to sustainability. The following diagram illustrates our sustainability governance framework:

At IntelliCentrics, sustainability is planned and managed at the strategic level by the Board, while executed and monitored at the operational level by the assigned management and staff.

- The Board has ultimate accountability for the sustainability strategy, management, performance and reporting of the Group. The Board is responsible for overseeing all ESG-related matters, including identification, evaluation and management of sustainability risks and opportunities. The Board is also responsible for ensuring effective risk management and internal controls.

- Under the Board's delegation, the Group's ESG Steering Committee is composed of our Chief Operating Officer and executives from major departments. The ESG Steering Committee assists the Board in fulfilling the Board's oversight responsibilities. The ESG Steering Committee periodically reports to the Board, assists and advises the Board on the development and implementation of the sustainability policies and practices of the Group, including reviewing the sustainability-related policies and initiatives, assessing sustainability risks and making recommendations to the Board on matters concerning the Group's sustainability development.

  The ESG Steering Committee's main responsibilities include the following:

  ✓ Formulate sustainability strategy, targets and goals for the Board's endorsement

  ✓ Review and report to the Board on sustainability risks and opportunities

  ✓ Monitor and review emerging sustainability issues and trends that could impact the business operations and performance of the Group, and make recommendations to the Board

  ✓ Measure and review the Group's sustainability performance

  ✓ Review the Group's ESG policies and practices

  ✓ Prepare the Group's annual ESG reports

  ✓ Assist the Board in setting out sustainability priorities

- Operation units and departments executes sustainability-related policies and assist in data collection.

As regards the corporate governance practices of the Group, please refer to the Corporate Governance Report 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 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 the management, employees, investors and shareholders, customers, suppliers and partners, government and regulatory agencies as well as other external stakeholders through different channels and actively responds 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 |
|---|---|---|---|
| Management | • Business strategy<br>• Employee development and training<br>• Cyber security<br>• Product and service quality<br>• Protection of data privacy | Management meetings<br>Intranet<br>Staff seminars | Regular<br>Year-round<br>Regular |
| Employees | • Employee development and training<br>• Employee health and safety<br>• Employee work-family balance<br>• Protection of employees' rights and interests<br>• Product and service quality | Employee opinion survey<br>Channels for employees' feedback (one-on-one meetings with Department Leader, etc.)<br>Management newsletter and performance evaluations<br>Intranet<br>Staff seminars | Regular<br>Regular<br><br>Regular<br><br>Year-round<br>Regular |
| Investors and shareholders | • Business strategy<br>• Economic performance<br>• Compliant operation | Annual general meeting<br>Financial reports<br>Announcements and circulars<br>Investor conferences<br>Investor relation officer<br>Hotline | Regular<br>Regular<br>Regular<br>Regular<br>Year-round<br>Year-round |

| Key stakeholders | Material topics and issues being raised | Communication channels | Communication frequency |
|---|---|---|---|
| Customers | • Product and service quality<br>• Protection of data privacy<br>• Stability of platform services<br>• Cyber security<br>• Responsible marketing | Customer satisfaction survey<br>Customer service center<br>Customer service manager<br>Customer meetings and company visits | Year-round<br>Year-round<br>Year-round<br>Year-round |
| Suppliers and partners | • Fair and open procurement<br>• Sustainable development of supply chain | Supplier management meetings and reviews | Regular |
| Government and regulatory agencies | • Compliant operation | Regular conference<br>Performance report<br>Written response to public consultation | Regular<br>Regular<br>Year-round |
| Other external stakeholders | • Product and service quality<br>• Protection of data privacy<br>• Stability of platform services<br>• Business strategy<br>• Transparent information disclosure | ESG reports<br>Company website<br>Social media | Annually<br>Regular<br>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.

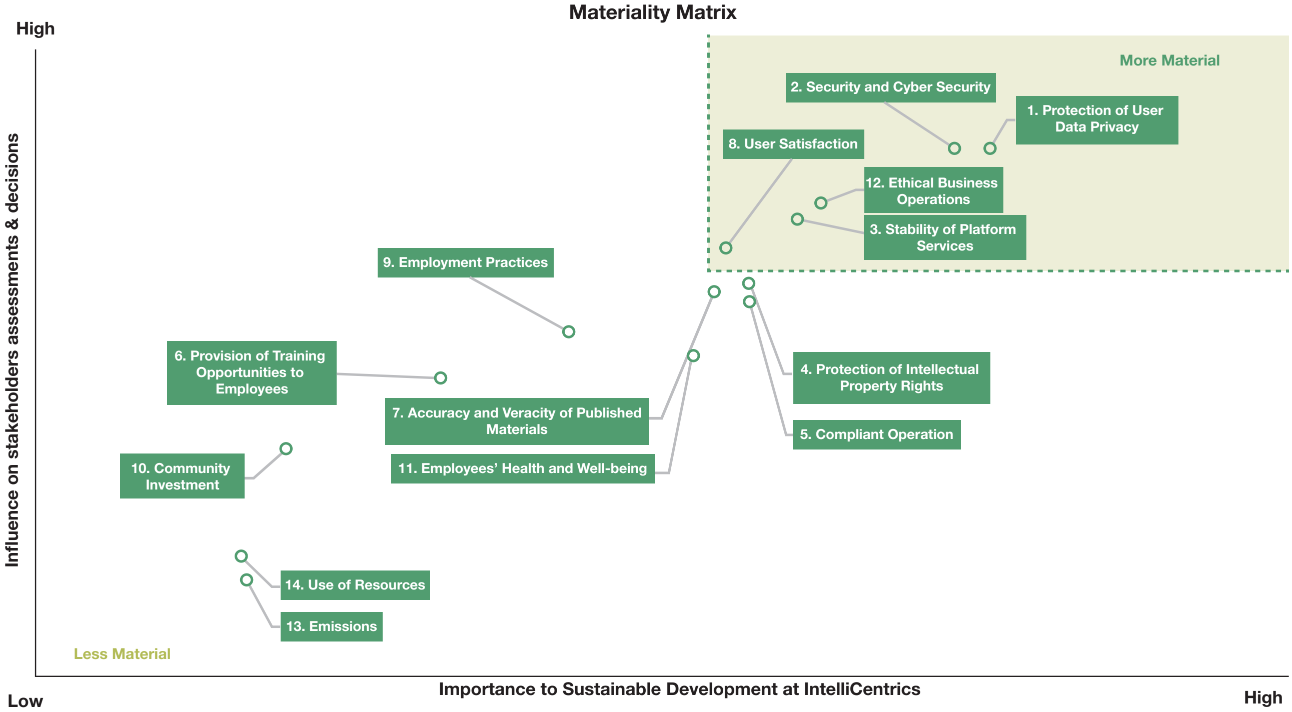
**Second stage**

- 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 Steering Committee, employees, management and customers.

**Third stage**

- Analyse the 14 material topics based on the survey results from 178 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 in the future.

During 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, ethical business operations, stability of platform services and user satisfaction.

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 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 optimise and improve the quality of products and services according to the requests of the customers.

During 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"). During the Reporting Period, there were 4 product related complaints and no material documented service complaint. All complaints have been followed up, and consensus with customers has been reached. In addition, there were no products sold or shipped subject to recalls for safety and health reasons and the Group received four safety and health product complaints from customers.

## 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 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, Data Protection Act 2018 of the UK as well as 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 cyberattacks and utilises leading software packages for cyberattack prevention, coupled with Amazon Web Services ("AWS") Infrastructure as a Service ("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 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 AWS 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 reports and files delivered to SEC$^3$URE customers and for the Group's internal use. All employees are encouraged to identify and report opportunities for quality improvement to their managers.

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 has 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.

During the Reporting Period, IntelliCentrics has obtained the following certifications, demonstrating its excellent services:

- The National Committee for Quality Assurance ("NCQA") Certification in Credentials Verification Organization 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.

## Ethical Business Operations

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. During the Reporting Period, the Group has obtained the NCQA Certification in Drug Enforcement Administration ("DEA") Certification for demonstrating compliance with NCQA's requirements on the verification service of DEA.

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.

To raise awareness of anti-corruption among employees, the Group provides training to Directors and employees regularly. During the Reporting Period, the Group carried out online training on anti-bribery, insider trading and conflicts of interest to employees in the UK. In the U.S., the Group provides Module modular-based compliance training course to Directors and employees.

During 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. During 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 a 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. Whistle-blowers 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) are 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.

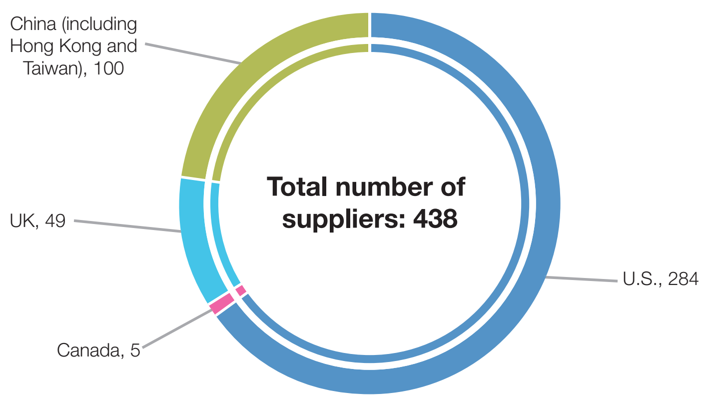
## Supply Chain Management

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.

In line with its commitment to business integrity, the Group has established an open and fair procurement process. The Group has formulated Global Procurement Process to standardise the process in the selection of suppliers. 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 aspects such as 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.

During the Reporting Period, the Group had a total of 438 suppliers from the U.S., the UK, Canada and China. Suppliers are evaluated and engaged according to the Group's standardised procurement process. The breakdown of the Group's suppliers is as follows:

**Beakdown of the Group supplier data**




### Sustainable Procurement

We are committed to integrating sustainability into our procurement practices to minimise our social impacts as well as our impacts on natural resources and ecosystems, and to having our suppliers share these commitments. The Group will prioritise suppliers who perform in line with our ESG standards in the procurement processes.

In order to create a sustainable supply chain, IntelliCentrics has formulated the Global Procurement Policy which ensures the business can efficiently source and obtain goods or services for IntelliCentrics, as well as structure the purchasing processes and sourcing strategies to ensure that the goods and/or services we acquire are the result of transparent, objective, timely and cost-effective decision making, and risk management which will include training and compliance on managing environmental and social risks of supply chain, and an environmental friendly procurement process.

The suppliers of IntelliCentrics are required to conduct business responsibly and with integrity, honesty and transparency. The Group encourages its business partners and suppliers to abide by the standards and conditions in ensuring a fair and equitable workplace environment that is free from any form of harassment or discrimination; providing a work environment that pays due consideration to safety and minimises any health hazards or harm to employees; complying with relevant labour laws and regulation such as legislation on working hours and minimum wage payments and ensuring that effective anti-corruption policies are implemented.

The Group also pays attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier management discussions and events. During the Reporting Period, IntelliCentrics used AWS for all of its data handling and storage. AWS is a corporate moving towards 100% renewable energy and developing carbon reduction strategies to reach net-zero carbon emissions in their operation. We believe that working with suppliers that adopt environmentally friendly operations will help IntelliCentrics build a sustainable supply chain.

## EMPLOYMENT AND LABOUR PRACTICES

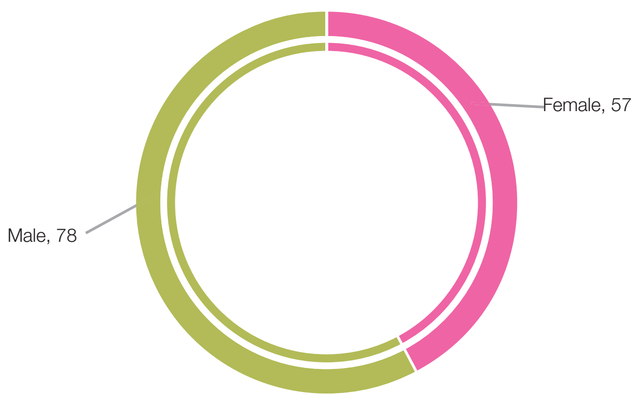
### Employment

Human resources is 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.

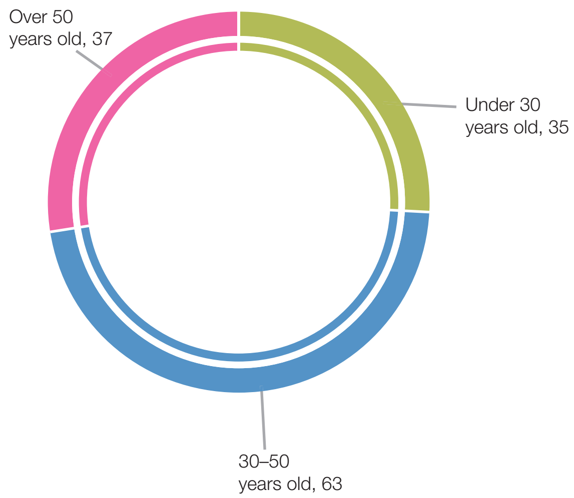
During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in respect to compensation and dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Group has strictly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

As of June 30, 2021, the Group had a total of 135 employees in its U.S. and UK operations. The following graphs show the gender, age group, employment type and geographical region of employees within the reporting scope.

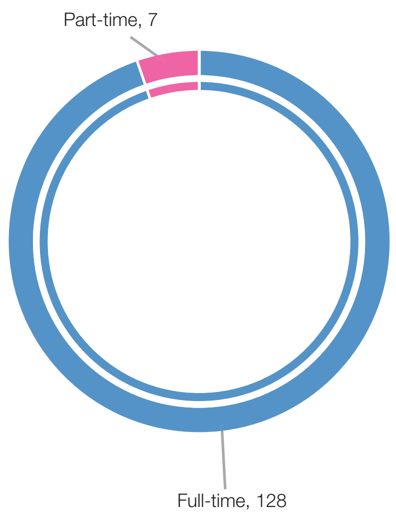
**Employee by Gender**



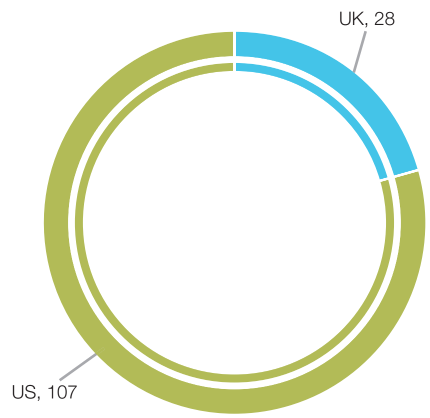

**Employee by age group**




**Employee by employment type**




**Employee by geographical region**



During the Reporting Period, the Group's monthly employee turnover rate was approximately 4.23%. The following table shows the employee turnover rate by gender, age group and geographical region.

| | | Turnover Rate (%) |
|---|---|---|
| **By gender** | Male | 3.79 |
| | Female | 4.97 |
| **By age group** | Under 30 years old | 3.24 |
| | 30–50 years old | 5.03 |
| | Over 50 years old | 4.22 |
| **By geographical region** | U.S. | 4.36 |
| | UK | 3.61 |

## 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 during 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.

## 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 is 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 labour and forced labour in the Group. Employees are hired in accordance with specific job requirements and talent matching process to build a sustainable workforce.

Personal data is 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 is clearly stipulated in the Group's Compensation Policy. The Group will follow related laws and regulations when calculating overtime pay.

During 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. In the event the Group had discovered non-compliance with laws and regulations preventing child and forced labour, the Group would have immediately taken steps to verify if such practices were taking place and eliminate such practices upon verification. The Group has 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. During 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.

The Group has multiple professional development programs designed to improve professional job performance and personal growth. 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. 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.

During the Reporting Period, the Group's employees have attended approximately 486.42 hours of training in total for professional development. Approximately 71.34% of the Group's employees participated in training.

| | Percentage of employees trained (%) | Breakdown of employees trained (%) | Average training hours per employee (hours) |
|---|---|---|---|
| **By gender** | | | |
| Male | 100.00 | 58.09 | 3.78 |
| Female | 100.00 | 41.91 | 3.59 |
| **By employee category** | | | |
| Senior management | 100.00 | 4.41 | 8.58 |
| General staff | 100.00 | 95.59 | 3.47 |

## 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:

- Purchasing ergonomic chairs and/or standing desks;
- Providing healthy fruits and snacks;
- Improving the lighting in the workplace;
- Carrying out regular and good maintenance and repairing of all devices and machines used in the workplace;
- Providing employees with regular mandatory training on health and safety-related policies, standards, protocols and procedures; and
- 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.

During 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.

During the Reporting Period, there were no recorded lost days due to work injury. In addition, there were no recorded work-related fatalities in the past three years including the Reporting Period. Lost days refer to time that cannot be worked as a consequence of 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 and swiftly enacted the COVID-19 Coronavirus Policy. During the Reporting Period, the Group continued to adopt flexible work arrangements and allow employees to decide for themselves when to return to the office to work. Moreover, in order to avoid the spread of disease and maintain a clean work environment, we have conducted additional sanitation procedures and provide hand sanitisers to employees in our operations. Apart from hand sanitisers, we also provide face masks to employees and encourage them to wear mask in our operations. Furthermore, we encourage employees to exercise personal prudence and practice social distancing when in our operations to reduce the chance of infection.

## COMMUNITY

### 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 formulated the Community Investment Policy 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.

The Group is committed to fulfilling its corporate social responsibility by participating in various charity activities. The focus areas of the Group include but are not limited to environmental concerns, labour needs and healthcare welfare. During the Reporting Period, the Group has partnered with Recycle 2 Support on the Spring Clothing Drive Event and has raised a total of 200 pounds of recyclable items such as clothing, water bottles and paper products. The purpose of this activity is to prevent unwanted clothing and household items from ending up in the landfill, which can reduce not only the amount of waste but also the greenhouse gases ("GHG") emissions of the landfill.

## ENVIRONMENTAL PROTECTION

The Group is committed to the long-term sustainability of the environment and community where it operates. As a corporation principally engaged in the operation of a technology platform that verifies data and information, the Group's daily operations have minimal impacts on the environment. Nevertheless, we recognise our responsibilities towards the potential indirect negative environmental impacts associated with our business operations, and we focus on nurturing and strengthening our employees' awareness of environmental protection in their daily work processes.

## USE OF RESOURCES

During the Group's operations, electricity and water are the major 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

Electricity is the main 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. During the Reporting Period, the Group set a target to achieve a 20% reduction in our non-renewable energy consumption intensity (MWh per employee) in the next 5 years, using calendar year ended December 31, 2019 as base year. In order to achieve the targets, 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;
- Encouraging staff to participate in campaign or activities relating to the promotion of green environment; and
- Installing electricity meter in office to monitor the electricity consumption regularly. Unexpected high consumption of electricity will be investigated to find out the root cause and preventive measures will be taken.

Due to the adoption of work-from-home arrangements during COVID-19 pandemic, the energy consumption of the Group generally decreased during the Reporting Period.

**Summary of energy consumption performance:**

| Types of energy | Unit | 12 months ended June 30, 2021 |
|---|---|---|
| **Direct energy consumption** | | |
| Natural gas consumption | MWh | 66.58 |
| **Indirect energy consumption** | | |
| Purchased electricity[1] | MWh | 335.29 |
| **Total energy consumption** | **MWh** | **401.87** |
| **Intensity[2]** | **$MWh/m^2$** | **0.12** |

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) During the Reporting Period, the total floor area for the Group's U.S. and UK operations was approximately 3,456.0 $m^2$. These numbers would also be used for calculating other intensity data.

## Water Consumption

The water consumption of the Group is limited to basic cleaning and sanitation in the office. Due to the Group's business nature and limited water consumption, water consumption and related target are not disclosed in this ESG Report. Nevertheless, the Group encourages all employees to develop the habit of conserving water consciously. For example, we have installed automated faucets in the restrooms at the U.S. office. In the future, we will continue to explore new water-saving measures that can be adopted in our office and set water-related targets.

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 and enhance 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. During the Reporting Period, the Group was not aware of any non-compliance with related environmental laws and regulations relating to air and 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 thus set a target to reduce its GHG emission by reducing 20% of the non-renewable energy consumption intensity (MWh per employee) in the next 5 years, using calendar year ended December 31, 2019 as base year. In the pursuit of our emissions reduction target, we actively adopt different electricity conservation 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".

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 were the principal source of GHG emissions. Due to the adoption of work-from-home arrangements during COVID-19 pandemic, the GHG emissions of the Group generally decreased during the Reporting Period.

**Summary of GHG emissions performance:**

| Indicator[3] | Unit | 12 months ended June 30, 2021 |
|---|---|---|
| **Direct GHG emissions (Scope 1)** | | |
| Natural gas | $tCO_2e$ | 11.94 |
| **Energy indirect GHG emissions (Scope 2)** | | |
| Purchased electricity | $tCO_2e$ | 149.61 |
| **Total GHG emissions** | $\mathbf{tCO_2e}$ | **161.55** |
| **Intensity** | $\mathbf{tCO_2e/m^2}$ | **0.36** |

Note:

(3) GHG emissions data is 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 Reporting Period. 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

The Group emphasises carbon reduction and waste reduction with the principle of "Reduce, Reuse, Recycle and Replace" to promote better utilisation of environmental resources. IntelliCentrics is always looking for ways to reduce waste at source and increase recycling rate. We target to achieve a 25% reduction in waste intensity (kg per employee) in the next 5 years, using calendar year ended December 31, 2019 as base year. In order to achieve our target, the Group has launched different waste reduction measures which will be described in this section.

### Hazardous waste handling method

During the Reporting Period, the Group only generated a limited amount of hazardous waste, consisting of e-waste and fluorescent lamps or bulbs. 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.

After we moved to a new office in the U.S., we replaced most of the network equipment due to aging. Therefore, the amount of e-waste generated increased during the Reporting Period.

**Summary of hazardous waste generated:**

| Types of hazardous waste | Unit | 12 months ended June 30, 2021 |
|---|---|---|
| E-waste[4] | kg | 845.00 |
| Fluorescent lamps or bulbs[5] | kg | 35.00 |
| **Total hazardous waste** | **kg** | **880.00** |
| **Intensity** | **kg/m$^2$** | **0.25** |

Notes:

(4) During the Reporting Period, the Group recycled approximately 845.00 kg of e-waste.

(5) During the Reporting Period, the Group recycled approximately 35.00 kg of fluorescent lamps or bulbs.

### Non-hazardous waste handling method

The Group's total non-hazardous waste disposal was mainly office paper. With the aim of minimising the environmental impacts of non-hazardous wastes generated from its business operations, 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:

- Utilising electronic communication where applicable such as e-brochures for distributing to customers;
- Promoting the use of recycled paper and toner or environmentally friendly materials;
- Reducing paper consumption by printing on both sides of paper;
- Sorting recycled wastes into appropriate recycle bins, educating employees on sorting methods if needed; and
- Placing appropriate signage on walls and bins, stating what type of waste or recyclable should be placed in the recycle bins.

Since the previous office in the U.S. was mostly closed in 2020 due to the outbreak of the COVID-19 pandemic while the new office in the U.S. was opened in 2021, the amount of non-hazardous waste generated increased during the Reporting Period.

**Summary of non-hazardous waste generated:**

| Types of non-hazardous waste | Unit | 12 months ended June 30, 2021 |
|---|---|---|
| Office paper[6] | kg | 790.87 |
| Other paper products | kg | 304.90 |
| Plastic wastes[7] | kg | 155.10 |
| **Total non-hazardous waste** | **kg** | **1,250.87** |
| **Intensity** | **$kg/m^2$** | **0.51** |

Note:

(6) During the Reporting Period, the Group recycled approximately 513.72 kg of office paper.

(7) During the Reporting Period, the Group recycled approximately 6.00 kg of plastic wastes.

## 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 10,000 plus locations and over 110,000 subscribers to reduce paper and carbon emissions. While supporting better healthcare security and practices, the services provided by IntelliCentrics enable 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 in the offices. 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.

## CLIMATE CHANGE

We recognise that human activities are contributing to climate change and climate change is one of the most urgent challenges facing the world today. IntelliCentrics as a responsible corporate is committed to helping tackle this global challenge. The Group strives to further strengthen its resilience against climate change by identifying related challenges and by developing strategies in line with global best practices to mitigate and adapt to the impact of climate change on its operations. In order to manage climate-related risks and opportunities more effectively, the Group has not only included climate-related topics in its enterprise risk management framework but also formulated the Climate Change Policy during the Reporting Period. The Climate Change Policy outlines our commitment to managing climate risks across our operations and to developing mitigation, adaptation and resilience strategies to address those risks in line with global best practices. Besides, the Group has adopted the suggestions of the TCFD and conducted an annual climate risk assessment to identify climate-related risks and opportunities that are closely related to the Group's operation. In the next financial year, the Group would formulate a Climate Change Committee to strengthen the management of climate-related issues.

### Transition Risks

The trend of transitioning to a low-carbon economy poses significant risks to the Group's business.

More ambitious climate policies, laws and regulations are expected to be implemented to support decarbonisation goals. For example, the Reporting Guide has been updated recently in respect to significant climate-related impact disclosures of an issuer. As a listed company in Hong Kong Stock Exchange, we are required to increase the climate-related information disclosures. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also be impacted due to failure to meet the compliance requirements for climate change. The Company's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

Moreover, investor awareness that climate-related risks need to be integrated into overall risk management is rapidly evolving. As a result, we analyse market trends regularly and respond as required. We are also committed to maintaining a high level of transparency regarding our climate risk management to build trust and confidence among our investors.

## Physical Risks

Climate change increases severity and frequency of extreme weather events such as typhoons, intense precipitation, and flooding. Extreme weather events could disrupt supply chains, interrupt business operations, and cause financial and physical damage. Therefore, we assess business disruption risks associated with extreme weather events in the Information Security Policy Risk Assessment section. The Group's business platform also has been moved to AWS from local data centers over the last three years for improved resiliency. Business development and support can be accomplished within the office or remotely so there is no dependency on the office infrastructure. Besides, we have conducted business continuity management ("BCM") training to employees during the Reporting Period. The BCM training helps us improve our resilience and recovery ability in response to extreme weather events.

In addition, it is expected that the increase in average temperature will increase the demand of cooling for buildings. The Group thus incorporates energy efficiency and energy procurement considerations as part of due diligence for any new location that would help reduce costs related to energy consumption for cooling.

## Opportunities

Climate change also creates business opportunities for the Group which it aims to incorporate into its business strategy. We will continue to implement different carbon reduction initiatives and measures in our operations and collaborate with suppliers to maximise our resources efficiency and reduce our material used, electricity consumption and thus the operational costs. For example, we have replaced the inefficient lightings with LED lightings in the offices as well as set environmental impact reduction targets and assesses its performance against these targets annually. In the future, we will also explore the opportunities of engaging renewable energy and build out our sustainable products through investments in R&D and strategic mergers and acquisitions.

**The ESG Reporting Guide Content Index of the Stock Exchange of Hong Kong Limited**

| Mandatory Disclosure Requirements | Section/Declaration |
|---|---|
| Governance Structure | Sustainability Governance |
| Reporting Principles | About The Report — Reporting Principles |
| Reporting Boundary | About The Report — Reporting Scope |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect A1: Emissions** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air and greenhouse gas 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 | The types of emissions and respective emissions data. | Emissions — Air and GHG Emissions (not applicable — explained) |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity. | Emissions — Air and GHG Emissions |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity. | Emissions — Waste Management |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity. | Emissions — Waste Management |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Emissions — Air and GHG Emissions |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | 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 | Direct and/or indirect energy consumption by type in total (kWh in ’000s) and intensity. | Use of Resources — Energy Consumption |
| KPI A2.2 | Water consumption in total and intensity. | Use of Resources — Water Consumption |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Use of Resources — Energy Consumption |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Use of Resources — Water Consumption |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Use of Resources — Use of Packaging Materials |
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | Policies on minimising the issuer’s significant impacts on the environment and natural resources. | The Environment and Natural Resources |
| KPI A3.1 | 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 A4: Climate Change** | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Climate Change |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Climate Change — Transition Risks; Physical Risks; Opportunities |
| **Aspect B1: Employment** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Employment |
| KPI B1.1 | Total workforce by gender, employment type, age group and geographical region. | Employment |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Employment |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect B2: Health and Safety** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to providing a safe working environment and protecting employees from occupational hazards. | Employees' Health and Well-being |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Employees' Health and Well-being |
| KPI B2.2 | Lost days due to work injury. | Employees' Health and Well-being |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Employees' Health and Well-being |
| **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 |
| KPI B3.1 | The percentage of employees trained by gender and employee category. | Provision of Training Opportunities to Employees |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Provision of Training Opportunities to Employees |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect B4: Labour Standards** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to preventing child and forced labour. | Employment — Prevention of Child and Forced Labour |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Employment — Prevention of Child and Forced Labour |
| KPI B4.2 | 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 | Number of suppliers by geographical region. | Supply Chain Management |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Supply Chain Management |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Supply Chain Management — Sustainable Procurement |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Supply Chain Management — Sustainable Procurement |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect B6: Product Responsibility** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>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 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Product Responsibility |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Product Responsibility |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Product Responsibility — Protection of Intellectual Property Rights |
| KPI B6.4 | 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 | Description of consumer data protection and privacy policies, and 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:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to bribery, extortion, fraud and money laundering. | Ethical Business Operations |
| KPI B7.1 | 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. | Ethical Business Operations |
| KPI B7.2 | Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored. | Ethical Business Operations — Whistleblowing Mechanism |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Ethical Business Operations |
| **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 — Community Investment |
| KPI B8.1 | Focus areas of contribution. | Community — Community Investment |
| KPI B8.2 | Resources contributed to the focus area. | Community — Community Investment |

## Global Reporting Initiative Content Index

| GRI Indicator | Description | Report chapter/Website reference and notes |
|---|---|---|
| **GRI 102: Organizational profile** | | |
| 102-1 | Name of the organization | 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 organization | 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 | Sustainability Governance |
| 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 |

| GRI Indicator | Description | Report chapter/Website reference and notes |
|---|---|---|
| 102-46 | Defining report content and topic Boundaries | About the Report |
| 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 | Ethical Business Operations |
| 103-2 | The management approach and its components | Ethical Business Operations |
| 103-3 | Evaluation of the management approach | Ethical Business Operations |
| 205-1 | Operations assessed for risks related to corruption | Ethical Business Operations |
| 205-2 | Communication and training about anti-corruption policies and procedures | Ethical Business Operations |
| 205-3 | Confirmed incidents of corruption and actions taken | Ethical Business Operations |
| **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 organization | Use of Resources — Energy Consumption |
| 302-3 | Energy consumption within the organization | Use of Resources — Energy Consumption |

| GRI Indicator | Description | Report chapter/Website reference and notes |
|---|---|---|
| **GRI 303: Water and Effluents** | | |
| 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 |
| 303-3 | Water withdrawal | Use of Resources — Water Consumption |
| 303-5 | Water consumption | Use of Resources — Water Consumption |
| **GRI 305: Emissions** | | |
| 103-1 | Explanation of the material topic and its Boundary | Emissions — Air and GHG Emissions |
| 103-2 | The management approach and its components | Emissions — Air and GHG Emissions |
| 103-3 | Evaluation of the management approach | Emissions — Air and GHG Emissions |
| 305-1 | Direct (Scope 1) GHG emissions | Emissions — Air and GHG Emissions |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Emissions — Air and GHG Emissions |
| 305-4 | GHG emissions intensity | Emissions — Air 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 | Emissions — Sewage Discharge |
| 306-2 | Waste by type and disposal method | Emissions — 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 Indicator | Description | Report chapter/Website reference and notes |
|---|---|---|
| **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 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 |
| 403-9 | Work-related injuries | Employees' Health and Well-being |

| GRI Indicator | Description | Report chapter/Website reference and notes |
|---|---|---|
| **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 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 Indicator | Description | Report chapter/Website reference and notes |
|---|---|---|
| **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 labor | Employment — Prevention of Child and Forced Labour |
| **GRI 409: Forced or Compulsory Labor** | | |
| 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 labor | Employment — Prevention of Child and Forced Labour |

| GRI Indicator | Description | Report chapter/Website reference and notes |
|---|---|---|
| **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; Ethical Business Operations |
| 103-2 | The management approach and its components | Employment — Employees' Health and Well-being; Product Responsibility; Ethical Business Operations |
| 103-3 | Evaluation of the management approach | Employment — Employees' Health and Well-being; Product Responsibility; Ethical Business Operations |
| 419-1 | Non-compliance with laws and regulations in the social | Employment; Employees' Health and Well-being; Product Responsibility; Ethical Business Operations |

KPMG

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

## OPINION

We have audited the consolidated financial statements of IntelliCentrics Global Holdings, Ltd. and its subsidiaries (the "**Group**"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, the consolidated statements of profit or loss and other comprehensive income or loss, changes in equity, and cash flows for the year ended June 30, 2021 and eighteen-month period ended June 30, 2020, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021 and 2020, and their consolidated financial performance and their consolidated cash flows for the year ended June 30, 2021 and eighteen-month period ended June 30, 2020 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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*<br><br>Refer to Notes 3, 4, 23 and 36 of the consolidated financial statements.<br><br>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 during the eighteen-month period ended June 30, 2020. As at June 30, 2021, the carrying amount of these investments totaled US$12.3 million and are presented in the consolidated statements of financial position as financial assets at fair value through other comprehensive income.<br><br>The Group redeemed three promissory notes for net proceeds of US$35.3 million prior to June 30, 2021, and one promissory note for US$12.5 million subsequent to June 30, 2021 prior to the issuance of the consolidated financial statements. As at June 30, 2021, the Group valued the promissory note at fair value.<br><br>We identified the investments in promissory notes to be a key audit matter because the redemptions during the period and the fair value measurement at period end are significant in relation to the Group's consolidated financial statements. | *Our audit procedures to assess the existence, valuation and rights and obligations of the promissory notes included the following:*<br><br>• Confirmed principal and accrued unpaid interest of the promissory note held as at June 30, 2021, directly with authorized representatives of the private investment entity;<br><br>• Tested redemptions by tracing transactions to redemption notices and receipt of cash to bank statements; and<br><br>• Tested the fair value of the promissory note held as at June 30, 2021, by comparing the recorded fair value to the subsequent redemption proceeds. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Capitalized development costs*<br><br>Refer to Notes 3, 5 and 18 of the consolidated financial statements.<br><br>As at June 30, 2021, the Group reported capitalized development costs, net of accumulated amortization, of US$11.1 million related to its healthcare technology platform, of which US$6.5 million was capitalized during the year ended June 30, 2021.<br><br>The Group periodically reviewed 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:<br><br>• The costs incurred related to a product that has reached technical feasibility; and<br><br>• The development will generate probable future economic benefits.<br><br>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:*<br><br>• Read and inspected product development plans prepared by project managers and management;<br><br>• Inquired of Group 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 probably future economic benefits; and<br><br>• Selected a sample of capitalized development costs incurred during the period 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 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 auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we have obtained prior to the date of this auditor’s report, 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 the consolidated financial statements in accordance with IFRS; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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 financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

KPMG LLP

Denver, Colorado
September 29, 2021

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

| *US$ in thousands* | *Note* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|---|
| **Revenue** | 7 | **37,666** | 54,648 |
| Cost of revenue | 8 | **(4,900)** | (3,551) |
| **Gross profit** | | **32,766** | 51,097 |
| Selling and marketing expenses | 8 | **(4,769)** | (8,914) |
| General and administrative expenses | 8 | **(18,055)** | (24,213) |
| Research and development expenses | 8 | **(13,824)** | (14,558) |
| Other losses | 10 | **(402)** | (92) |
| **Operating (loss)/profit** | | **(4,284)** | 3,320 |
| Finance costs | 11 | **(1,966)** | (3,682) |
| Finance income | 12 | **1,729** | 3,245 |
| Other non-operating (expense)/income | 13 | **(4)** | 1,715 |
| Share of loss of a joint venture, net of tax | 20 | **(272)** | (300) |
| **(Loss)/profit before income tax** | | **(4,797)** | 4,298 |
| Income tax benefit/(expense) | 14 | **1,823** | (2,062) |
| **(Loss)/profit for the period** | | **(2,974)** | 2,236 |
| **Other comprehensive loss:** | | | |
| *Item that will not be subsequently reclassified to profit or loss:* | | | |
| — Equity instruments at FVOCI — net change in fair value | | **(1,425)** | (3,015) |
| *Items that may be subsequently reclassified to profit or loss:* | | | |
| — Debt instruments at FVOCI — net change in fair value | | **(118)** | 68 |
| — Debt instruments at FVOCI — reclassified to profit or loss | | **51** | — |
| — Currency translation differences | | **1,456** | (581) |
| **Other comprehensive loss for the period, net of tax** | | **(36)** | (3,528) |
| **Total comprehensive loss for the period** | | **(3,010)** | (1,292) |

# Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss (Continued)

| *US$ in thousands* | *Note* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|---|
| **(Loss)/profit for the period** | | | |
| Attributable to owners of the Company | | **(2,884)** | 2,338 |
| Attributable to non-controlling interests | 33 | **(90)** | (102) |
| | | **(2,974)** | 2,236 |
| **Total comprehensive loss for the period** | | | |
| Attributable to owners of the Company | | **(2,920)** | (1,190) |
| Attributable to non-controlling interests | 33 | **(90)** | (102) |
| | | **(3,010)** | (1,292) |
| **(Loss)/earnings per Share attributable to owners of the Company for the period (expressed in US$ per Share)** | | | |
| — Basic and diluted | 15 | **(0.006)** | 0.005 |

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

# Consolidated Statement of Financial Position

| *US$ in thousands* | *Note* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment, net | 17 | **8,138** | 4,131 |
| Goodwill and other intangible assets, net | 18 | **25,703** | 22,545 |
| Right-of-use assets, net | 19 | **5,222** | 1,538 |
| Deposits and prepayments | 21 | **158** | 348 |
| Interests in a joint venture | 20 | **127** | — |
| Restricted cash | 22 | **12,919** | 163 |
| | | **52,267** | 28,725 |
| **Current assets** | | | |
| Financial assets at fair value through other comprehensive income | 23 | **12,941** | 47,925 |
| Deposits, prepayments and other receivables | 21 | **2,978** | 2,518 |
| Restricted cash | 22 | **2,250** | 10,185 |
| Cash and cash equivalents | 24 | **31,317** | 7,795 |
| | | **49,486** | 68,423 |
| **Total assets** | | **101,753** | 97,148 |
| **EQUITY** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 25 | **46** | 46 |
| Share premium | 25 | **77,100** | 76,929 |
| RSA scheme reserve | 26 | **(19,924)** | (10,891) |
| Other reserves | 26 | **(63,919)** | (65,283) |
| Retained earnings | | **41,801** | 44,685 |
| | | **35,104** | 45,486 |
| Non-controlling interests | 33 | **(62)** | 28 |
| **Total equity** | | **35,042** | 45,514 |

| *US$ in thousands* | *Note* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 28 | **25,491** | — |
| Other liabilities | | **8** | — |
| Deferred income tax liabilities | 14 | **2,632** | 3,565 |
| Lease liabilities | 19 | **7,154** | 914 |
| | | **35,285** | 4,479 |
| **Current liabilities** | | | |
| Borrowings | 28 | **5,982** | 21,500 |
| Lease liabilities | 19 | **411** | 692 |
| Trade payables | 29 | **2,696** | 2,258 |
| Other payables and provisions | 30 | **2,536** | 3,389 |
| Amounts due to related parties | 32 | **28** | 44 |
| Contract liabilities | 7 | **19,739** | 19,259 |
| Current income tax liabilities | | **34** | 13 |
| | | **31,426** | 47,155 |
| **Total liabilities** | | **66,711** | 51,634 |
| **Total equity and liabilities** | | **101,753** | 97,148 |

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

The annual consolidated financial statements have been approved by the Board of Directors on October 26, 2021 and were signed on behalf of the Board.

**Lin Tzung-Liang**
*Director*

**Michael James Sheehan**
*Director*

# Consolidated Statement of Changes in Equity

| *US$ in thousands* | *Note* | Share capital | Share premium | RSA scheme reserve | Capital reserve | Share option reserve | Fair value reserve | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at January 1, 2019** | | 37 | 20,836 | – | (61,630) | – | – | (630) | 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 | 26 | – | – | – | – | – | (3,015) | – | – | (3,015) | – | (3,015) |
| – Debt instruments at FVOCI | | | | | | | | | | | | |
| – net change in fair value | 26 | – | – | – | – | – | 68 | – | – | 68 | – | 68 |
| – Currency translation differences | 26 | – | – | – | – | – | – | (581) | – | (581) | – | (581) |
| **Total comprehensive income/(loss) for the period** | | – | – | – | – | – | (2,947) | (581) | 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 | 26 | – | – | – | – | 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) | (61,630) | 505 | (2,947) | (1,211) | 44,685 | 45,486 | 28 | 45,514 |
| **As at July 1, 2020** | | 46 | 76,929 | (10,891) | (61,630) | 505 | (2,947) | (1,211) | 44,685 | 45,486 | 28 | 45,514 |
| Loss for the period | | – | – | – | – | – | – | – | (2,884) | (2,884) | (90) | (2,974) |
| **Other comprehensive income/(loss)** | | | | | | | | | | | | |
| – Equity instruments at FVOCI | | | | | | | | | | | | |
| – net change in fair value | | – | – | – | – | – | (1,425) | – | – | (1,425) | – | (1,425) |
| – Debt instruments at FVOCI | | | | | | | | | | | | |
| – net change in fair value | | – | – | – | – | – | (118) | – | – | (118) | – | (118) |
| – Debt instruments at FVOCI | | | | | | | | | | | | |
| – reclassified to profit or loss | | – | – | – | – | – | 51 | – | – | 51 | – | 51 |
| – Currency translation differences | | – | – | – | – | – | – | 1,456 | – | 1,456 | – | 1,456 |
| **Total comprehensive income/(loss) for the period** | | – | – | – | – | – | (1,492) | 1,456 | (2,884) | (2,920) | (90) | (3,010) |
| **Transactions with owners:** | | | | | | | | | | | | |
| Acquisition of RSA shares | 26 | – | – | (9,033) | – | – | – | – | – | (9,033) | – | (9,033) |
| Share-based payment | 25, 27 | – | 171 | – | – | 1,400 | – | – | – | 1,571 | – | 1,571 |
| **Total transactions with owners** | | – | 171 | (9,033) | – | 1,400 | – | – | – | (7,462) | – | (7,462) |
| **As at June 30, 2021** | | 46 | 77,100 | (19,924) | (61,630) | 1,905 | (4,439) | 245 | 41,801 | 35,104 | (62) | 35,042 |

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

# Consolidated Statement of Cash Flows

| *US$ in thousands* | *Note* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 38 | **4,082** | 12,681 |
| Interest received | 12 | **3,218** | 970 |
| Interest paid | 11 | **(774)** | (1,915) |
| Income tax received | 14 | **1,700** | — |
| Income tax paid | 14 | **(789)** | (2,578) |
| **Net cash flows generated from operating activities** | | **7,437** | 9,158 |
| **Cash flows from investing activities** | | | |
| Proceeds from release of restricted cash | 22 | **15,390** | 26,500 |
| Payment for restricted cash | 22 | **(20,211)** | (15,348) |
| Proceeds from release of short-term bank deposits | 24 | **—** | 260 |
| Payment for acquisition of a joint venture | 20 | **(400)** | (300) |
| Payment for custodian fee | | **—** | (1,650) |
| Purchase of financial assets | 23, 36 | **—** | (88,040) |
| Redemption of financial assets | 23, 36 | **32,142** | 39,559 |
| Purchase of property, plant and equipment | 17 | **(5,659)** | (3,942) |
| Payments related to intangible assets | 18 | **(5,423)** | (7,372) |
| Cash payments for right-of-use assets | | **(65)** | — |
| **Net cash flows generated from/(used in) investing activities** | | **15,774** | (50,333) |
| **Cash flows from financing activities** | | | |
| Repayments of borrowings | 28 | **(31,500)** | (53,000) |
| Proceeds from borrowings | 28 | **41,500** | 31,500 |
| Payment of borrowing transaction costs | | **(100)** | — |
| Proceeds from issuance of shares | | **—** | 60,578 |
| Acquisition of RSA shares | | **(9,033)** | (10,891) |
| Listing expenses capitalised to equity | | **—** | (4,476) |
| Principal payments on lease liabilities | 19 | **(725)** | (1,005) |
| **Net cash flows generated from financing activities** | | **142** | 22,706 |
| **Net increase/(decrease) in cash and cash equivalents** | | **23,353** | (18,469) |
| Cash and cash equivalents at the beginning of the period | | **7,795** | 26,538 |
| Effects on exchange rate changes on cash and cash equivalents | | **169** | (274) |
| **Cash and cash equivalents at the end of the period** | | **31,317** | 7,795 |

The accompanying notes are an integral part of these annual 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 Suite 102, Cannon Place, North Sound Rd., George Town, P.O. Box 712, Grand Cayman, KY1-9006, 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 Group is a minority holder of a joint venture in China that is licensed to use the Company's technology.

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 prior period financial statements covered an 18-month period ended June 30, 2020 to align with the new financial year end.

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 (Cap. 622). These consolidated 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 "**Listing Rules**").

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.

The related changes to significant accounting policies are described in Note 4.

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

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

The Group's consolidated financial statements have been prepared for a 12-month period as compared to the prior 18-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 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 an impairment charge to the consolidated statement of profit or loss and other comprehensive income or loss.

### (b) 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.

### (c) 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, increase the lifetime economic value of the platform product, and how the asset will generate future economic benefits.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (d) 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.

### (e) 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.

### (f) 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

### 4.1 New standards, interpretations, and amendments adopted from July 1, 2020

New standards impacting the Group that have been adopted in the consolidated financial statements for the financial year ended June 30, 2021 are:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a business — Amendments to IFRS 3
- Definition of material — Amendments to IAS 1 and IAS 8
- Interest rate benchmark reform — Phase 1— Amendments to IFRS 9, IAS 39 and IFRS 17
- COVID-19-Related Rent Concessions — Amendments to IFRS 16

The adoption of the new standards listed above have not had a significant impact on the Group's consolidated financial statements for the financial year ended June 30, 2021.

### 4.2 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

| New standards or amendments | Effective for annual periods beginning on or after |
|---|---|
| Interest Rate Benchmark Reform — Phase 2 — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | January 1, 2021 |
| Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37 | January 1, 2022 |
| Annual Improvements to IFRS Standards 2018–2020 — Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 | January 1, 2022 |
| Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16 | January 1, 2022 |
| Reference to the Conceptual Framework — Amendments to IFRS 3 | January 1, 2022 |
| Classification of Liabilities as Current or Non-current — Amendments to IAS 1 | January 1, 2023 |
| IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts | January 1, 2023 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28 | Deferred indefinitely |

The Group does not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

# 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

#### (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 consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(ii) Income and expenses for each consolidated statement of profit or loss and other 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.

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 consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: (i) it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; (ii) it is held primarily for the purpose of trading; (iii) it is expected to be realised within 12 months after the reporting period; or (iv) it 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: (i) it is either expected to be settled in the consolidated entity's normal operating cycle; (ii) it is held primarily for the purpose of trading; (iii) it is due to be settled within 12 months after the reporting period; (iv) 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 profit or loss and other 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 | 15 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" 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 NCIs 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.

#### (c) Technology platform

Costs associated with researching and 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;

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 5.5 Intangible assets (Continued)

#### (c) Technology platform (Continued)

- 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

- Costs 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.

### 5.6 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment as of April 1, 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**").

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 5.6 Impairment of non-financial assets (Continued)

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 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.

#### (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.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 5.7 Investments and other financial assets (Continued)

#### (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 consolidated statement of profit or loss and other comprehensive income or loss.

#### (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 profit or loss and other 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

# 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 profit or loss and other 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 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. Each of the Group and its employees contribute to various publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. Contributions made to the various schemes are calculated based on certain percentages of the employees' total compensation as stipulated by each scheme. 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. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there are no forfeited contributions that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) Appendix 16 of the Listing Rules.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 5.16 Employee benefits (Continued)

#### (c) Share-based payment arrangements

Share-based compensation benefits are provided to employees via the share option plan adopted by the Board on August 7, 2018 (the "**Pre-IPO Share Option Scheme**"), the Restricted Share Award Scheme approved and adopted by the Company on April 26, 2019 (the "**RSA Scheme**"), and the Restricted Share Award Scheme for Core Connected Persons approved and adopted by the Company on October 20, 2020 (the "**RSA Scheme for Core Connected Persons**"). Information relating to these schemes is set out in Note 3.16(d) and Note 3.16(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.

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 Schemes

Under the RSA Schemes, the Group can grant shares of the Company to employees, non-employees, and Company Directors. Shares awarded under the RSA Schemes 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 consolidated statement of profit or loss and other comprehensive income or loss 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 is adjusted to reflect the actual number of awarded shares that vest (with a corresponding adjustment to the share-based compensation reserve), and the cost of awarded shares recognised in RSA Scheme reserve as RSA Scheme shares is transferred to the share option reserve in equity.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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 Schemes are presented as other equity and deducted from contributed equity.

### 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.

# 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 5.19 Revenue recognition (Continued)

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.

### (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;

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 5.21 Finance income (Continued)

- Net gain on the disposal of debt investments measured at FVOCI;
- Foreign currency gain on financial assets; and
- Impairment reversals on investments in debt securities carried at FVOCI.

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 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 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 apply the short-term exemption to all classes of assets, and will thus not apply the requirements of IFRS 16 to these leases.

#### (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.

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.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 5.22 Leases (Continued)

#### (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. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

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.

### 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 is recognised as R&D expense.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Vendor and Medical Credentialing | **36,939** | 53,417 |
| Add-On Services | **727** | 1,231 |
| | **37,666** | 54,648 |

### Disaggregation of Revenue from Contracts with Customers

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| **Timing of revenue recognition** | | |
| — Over time | **37,301** | 54,048 |
| — At a point in time | **365** | 600 |
| | **37,666** | 54,648 |

The Group's revenues are substantially generated in the U.S., with revenues attributed to the U.S. for the 12 months ended June 30, 2021 totaling US$37.0 million (US$53.6 million for the 18 months ended June 30, 2020).

### Contract Liabilities

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

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Contract liabilities | **19,739** | 19,259 |

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as at 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.

## 7 REVENUE (Continued)

### Contract Liabilities (Continued)

The amount of revenue recognised for the 12 months ended June 30, 2021 that was included in the contract liabilities balance at the beginning of the period was US$19.3 million compared to US$17.3 million for the 18 months ended June 30, 2020. All contract liabilities are amortised within one year.

### Trade Accounts Receivable

As at June 30, 2021, and June 30, 2020, the Company did not have any trade accounts receivable.

### Seasonality

The Company has no material impact due to seasonality.

## 8 EXPENSES BY NATURE

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

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Employee benefits expenses and directors' emoluments[1] | **16,122** | 23,998 |
| Listing expenses | **—** | 4,189 |
| R&D professional service fees | **2,183** | 3,108 |
| Other professional service fees | **5,105** | 4,786 |
| Promotion and advertisement expenses | **1,153** | 2,633 |
| Maintenance | **3,714** | 2,927 |
| Payment processing fees[1] | **1,047** | 1,500 |
| Depreciation expense[1] | **4,301** | 1,704 |
| Amortisation expense | **4,843** | 2,187 |
| Auditor's remuneration | **1,422** | 409 |
| Others[1] | **1,658** | 3,795 |
| **Total cost of revenues, selling and marketing expenses, general and administrative expenses, and R&D expenses** | **41,548** | 51,236 |

Note:

(1) Employee expenses of US$0.5 million (US$0.6 million as at June 30, 2020), payment processing fees of US$1.0 million (US$1.5 million as at June 30, 2020), depreciation of subscriber equipment of US$2.9 million (US$0.5 million as at June 30, 2020) and other expenses of US$0.5 million (US$1.0 million as at June 30, 2020) have been charged in "Cost of revenue".

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

### Employee Benefits Expenses (including Directors' Emoluments)

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Wages, salaries and bonuses | **14,713** | 21,596 |
| Pension costs — defined contribution plans | **234** | 337 |
| Other benefits | **1,175** | 2,065 |
| | **16,122** | 23,998 |

### Five highest paid individuals (excluding Directors' emoluments)

The five individuals whose emoluments were the highest in the Group include two Directors for both the 12 months ended June 30, 2021, and the 18 months ended June 30, 2020, respectively, and their emoluments are reflected in the analysis shown in Note 35. The emoluments payable to the remaining three individuals for the years ended June 30, 2021, and June 30, 2020, are as follows:

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Wages and salaries | **816** | 1,127 |
| Bonuses(1) | **199** | 468 |
| Pension costs — defined contribution plans | **25** | 34 |
| Other benefits | **82** | 71 |
| | **1,122** | 1,700 |

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)

| | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| | *(number of individuals)* | |
| **Emoluments bands:** | | |
| HK$2,000,001 to HK$2,500,000 | **1** | — |
| 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** | 1 |
| HK$6,000,001 to HK$6,500,000 | **—** | 1 |
| | **3** | 3 |

For the 12 months ended June 30, 2021, and the 18 months ended June 30, 2020, 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

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Foreign exchange loss | **402** | 73 |
| Loss on disposal of property, plant and equipment | **—** | 6 |
| Other | **—** | 13 |
| | **402** | 92 |

## 11 FINANCE COSTS

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Interest expense on bank borrowings | **729** | 1,904 |
| Acquisition and handling charge on investing accounts | **624** | 1,031 |
| Bank charges on bank borrowings | **77** | 704 |
| Interest expense on lease liabilities | **536** | 43 |
| | **1,966** | 3,682 |

## 12 FINANCE INCOME

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Interest income from promissory notes | **1,637** | 2,505 |
| Interest income from bank deposits | **92** | 740 |
| | **1,729** | 3,245 |

## 13 OTHER NON-OPERATING (EXPENSE)/INCOME

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Government grant | **—** | 1,711 |
| Other | **(4)** | 4 |
| | **(4)** | 1,715 |

**PPP**. In April 2020, IntelliCentrics, Inc., our U.S. operating subsidiary, applied for and received a loan of US$1.7 million from the Government of the USA under the CARES Act. In December 2020, the Group was notified that it met the qualifications 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 12 months ended June 30, 2021 and the 18 months ended June 30, 2020. A UK CIT rate of 25% was enacted on June 10, 2021 which is applicable on profits arising from April 1, 2023 onwards. Deferred tax liabilities and deferred tax assets have been recognised at 25% to the extent that they are expected to reverse after April 1, 2023. This has had the impact of increasing the deferred income tax charge and deferred tax liabilities by GBP0.5 million.

**(c) United States CIT**

The CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the U.S. and was calculated in accordance with the relevant regulations of the U.S. after considering the available tax benefits from refunds and allowances. The U.S. Federal CIT rate is 21% for both the 12 months ended June 30, 2021 and the 18 months ended June 30, 2020. 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 both the 12 months ended June 30, 2021 and the 18 months ended June 30, 2020. 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 12 months ended June 30, 2021 and the 18 months ended June 30, 2020.

**(f) Global income tax (benefit)/expense**

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

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Current income tax | **(1,320)** | 961 |
| Return to provision | **(27)** | 62 |
| Deferred income tax | **(476)** | 1,039 |
| | **(1,823)** | 2,062 |

In April 2020, the Company applied for and received US$1.7 million in loan funding from the PPP established by the CARES Act. The Company filed for and received forgiveness of the loan. Section 276 of the COVID-related Tax Relief Act of 2020, enacted on December 27, 2020 permits the deduction for otherwise deductible expenses used to support the PPP loan. The United States Internal Revenue Service rescinded all prior ruling and issued Revenue Ruling 2021-2 in support of the law.

The Company filed federal income tax refund claims relating to R&D for years beginning in calendar year 2016. The total federal and state income tax benefits recorded amounted to US$1.6 million and US$0.1 million, respectively. To date, US$0.4 million cash tax refunds have been received. The Company has US$0.9 million and US$0.1 million of federal and state income tax credit carryforwards for federal and state, respectively, having a 20-year carryover period, that begin to expire at June 30, 2040.

## 14 INCOME TAXES (Continued)

### Income tax expense (Continued)

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

In June 2021, Zengine Limited, our UK technology R&D subsidiary, qualified for R&D Tax Relief ("**RDTR**") for the tax period ended June 30, 2020. For this period, GBP1.0 million of qualifying expenditure was recorded which resulted in RDTR of GBP1.2 million (approximately US$1.7 million) being used to offset the company's tax liability in the UK. The RDTR was in recognition of a number of Zengine Limited's technology developments relating mainly to the SEC$^3$URE BioBytes™ product. The benefit was recorded as a reduction to taxable income in the 12 months ended June 30, 2021.

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:

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| (Loss)/profit before income tax | **(4,797)** | 4,298 |
| Tax calculated based on applicable statutory rate | **(44)** | 3,074 |
| Effect on differences in applicable tax rate | **—** | 43 |
| Tax effect of amounts which are not deductible for tax purpose | **125** | (169) |
| Texas Franchise Tax overpayments | **—** | (527) |
| Research and development tax credit | **(2,029)** | (620) |
| Tax loss not recognised as deferred tax assets | **23** | 143 |
| Withholding tax relating to certain subsidiaries' income | **—** | (681) |
| Uncertain Tax Position — PPP Loan (Release) | **(413)** | 413 |
| Uncertain Tax Position — State Tax Non-filings | **38** | — |
| Return to provision | **(27)** | 62 |
| State Income Taxes | **27** | 439 |
| Change in tax rate | **625** | — |
| Recognition of net operating losses | **(134)** | — |
| Other | **(14)** | (115) |
| | **(1,823)** | 2,062 |

# 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

| *US$ in thousands* | Depreciation | Gain/loss on fixed assets | Accrued bonus | Related parties' loss | Share-Based Compensation | Right-of-use/lease liability | US R&D Income Tax credits | Net Operating Loss | Total |
|---|---|---|---|---|---|---|---|---|---|
| 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 |
| Credited/(charged) to consolidated statement of comprehensive income | – | – | (212) | – | 156 | 195 | 1,088 | 512 | 1,739 |
| Charge to Equity | – | – | – | – | 164 | – | – | 8 | 172 |
| Exchange translation differences | – | – | – | – | – | – | – | 36 | 36 |
| **At June 30, 2021** | – | 4 | 20 | – | 320 | 195 | 1,088 | 845 | 2,472 |

### (b) Deferred tax liabilities

| *US$ in thousands* | R&D capitalisation | Depreciation | Amortisation | Withholdings tax | Customer Relationship | Right-of-use/lease liability | PPP tax uncertainty | Total |
|---|---|---|---|---|---|---|---|---|
| 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) |
| Charged to consolidated statement of comprehensive income | (1,038) | (49) | (151) | – | – | 2 | 413 | (823) |
| Exchange translation differences | (191) | – | – | – | – | – | – | (191) |
| **At June 30, 2021** | (2,755) | (757) | (1,592) | – | – | – | – | (5,104) |

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, 2021, the Group did not recognise deferred income tax assets of US$1.6 million in relation to the tax jurisdiction in the UK and Canada. Of the US$6.0 million in tax losses, US$2.0 million does not expire. The US$3.9 million of Canadian tax losses expires 20 years from the year the loss was recognised.

## 15 (LOSSES)/EARNINGS PER SHARE

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

| | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| The Group's (loss)/profit attributable to owners of the Company *(US$ in thousands)* | **(2,884)** | 2,338 |
| Weighted average number of shares in issue *(in thousands)* | **457,112** | 441,931 |
| Basic (loss)/earnings per Share *(US$ per Share)* | **(0.006)** | 0.005 |

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 Schemes) to assume conversion of all dilutive potential ordinary shares. The Group has no dilutive potential ordinary shares during the 12 months ended June 30, 2021 or the 18 months ended June 30, 2020, and accordingly the diluted (losses)/earnings per Share equals the basic (losses)/earnings per Share.

## 16 DIVIDENDS

No dividends have been paid or declared by the Company for the 12 months ended June 30, 2021, nor for the 18 months ended June 30, 2020.

## 17 PROPERTY, PLANT AND EQUIPMENT

| *US$ in thousands* | Computer equipment | Furniture and fixtures | Leasehold improvements | Subscriber equipment | Total |
|---|---|---|---|---|---|
| **COST** | | | | | |
| Balance at January 1, 2019 | 330 | 595 | 179 | — | 1,104 |
| Additions | 215 | 4 | 259 | 4,194 | 4,672 |
| Disposals | (78) | (23) | — | — | (101) |
| Exchange translation differences | (2) | — | — | — | (2) |
| Balance at June 30, 2020 | 465 | 576 | 438 | 4,194 | 5,673 |
| Balance at July 1, 2020 | 465 | 576 | 438 | 4,194 | 5,673 |
| Additions | **168** | **1,017** | **3,464** | **2,654** | **7,303** |
| Disposals | **—** | **(2)** | **—** | **—** | **(2)** |
| Exchange translation differences | **26** | **4** | **1** | **—** | **31** |
| **Balance at June 30, 2021** | **659** | **1,595** | **3,903** | **6,848** | **13,005** |
| **ACCUMULATED DEPRECIATION** | | | | | |
| Balance at January 1, 2019 | (301) | (544) | (178) | — | (1,023) |
| Depreciation expense | (66) | (24) | (1) | (529) | (620) |
| Disposals | 78 | 17 | — | — | 95 |
| Exchange translation differences | 6 | — | — | — | 6 |
| Balance at June 30, 2020 | (283) | (551) | (179) | (529) | (1,542) |
| Balance at July 1, 2020 | (283) | (551) | (179) | (529) | (1,542) |
| Depreciation expense | **(114)** | **(106)** | **(181)** | **(2,886)** | **(3,287)** |
| Disposals | **—** | **2** | **—** | **—** | **2** |
| Exchange translation differences | **(17)** | **(24)** | **(1)** | **—** | **(42)** |
| **Balance at June 30, 2021** | **(414)** | **(677)** | **(361)** | **(3,415)** | **(4,867)** |
| **NET BOOK VALUE** | | | | | |
| Balance at January 1, 2019 | 29 | 51 | 1 | — | 81 |
| Balance at June 30, 2020 | 182 | 25 | 259 | 3,665 | 4,131 |
| **Balance at June 30, 2021** | **245** | **918** | **3,542** | **3,433** | **8,138** |

## 17 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense on property, plant and equipment of US$2,886 thousand (US$529 thousand: June 30, 2020) has been charged in "Cost of revenue", US$3 thousand (US$3 thousand: June 30, 2020) has been charged in "Selling and marketing expenses", US$394 thousand (US$65 thousand: June 30, 2020) has been charged in "General and administrative expenses" and US$2 thousand (US$23 thousand: June 30, 2020) has been charged in "Research and development expenses" for the 12 months ended June 30, 2021. See Note 19 for depreciation on right-of-use assets.

### Capital commitments

During the 12 months ended June 30, 2021, the Group entered into contracts to buy property, plant and equipment for US$1.5 million. Delivery is expected throughout the next financial year.

## 18 GOODWILL AND OTHER INTANGIBLES ASSETS

| *US$ in thousands* | Goodwill | Software | Customer Relationship | Technology Platform | Others | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at January 1, 2019 | 11,182 | 2,625 | 5,747 | 2,648 | 1,234 | 23,436 |
| Additions | 72 | 473 | – | 7,339 | – | 7,884 |
| Disposals | (6) | – | – | – | – | (6) |
| Exchange translation differences | (73) | – | 111 | (276) | – | (238) |
| Balance at June 30, 2020 | 11,175 | 3,098 | 5,858 | 9,711 | 1,234 | 31,076 |
| Balance at July 1, 2020 | 11,175 | 3,098 | 5,858 | 9,711 | 1,234 | 31,076 |
| Additions | – | 175 | – | 6,513 | – | 6,688 |
| Disposals | – | – | – | – | – | – |
| Derecognition | – | (2,624) | – | – | (1,234) | (3,858) |
| Exchange translation differences | 340 | (2) | 40 | 1,354 | – | 1,732 |
| **Balance at June 30, 2021** | **11,515** | **647** | **5,898** | **17,578** | **–** | **35,638** |
| **Accumulated amortisation and impairment losses** | | | | | | |
| Balance at January 1, 2019 | – | (2,624) | (2,422) | – | (1,234) | (6,280) |
| Amortisation | – | – | (465) | (1,722) | – | (2,187) |
| Impairment loss | – | – | – | – | – | – |
| Disposals | – | – | – | – | – | – |
| Exchange translation differences | – | – | (106) | 42 | – | (64) |
| Balance at June 30, 2020 | – | (2,624) | (2,993) | (1,680) | (1,234) | (8,531) |
| Balance at July 1, 2020 | – | (2,624) | (2,993) | (1,680) | (1,234) | (8,531) |
| Amortisation | – | (165) | (307) | (4,371) | – | (4,843) |
| Impairment loss | – | – | – | – | – | – |
| Disposals | – | – | – | – | – | – |
| Derecognition | – | 2,624 | – | – | 1,234 | 3,858 |
| Exchange translation differences | – | – | (9) | (410) | – | (419) |
| **Balance at June 30, 2021** | **–** | **(165)** | **(3,309)** | **(6,461)** | **–** | **(9,935)** |
| **Carrying amounts** | | | | | | |
| Balance at January 1, 2019 | 11,182 | 1 | 3,325 | 2,648 | – | 17,156 |
| Balance at June 30, 2020 | 11,175 | 474 | 2,865 | 8,031 | – | 22,545 |
| **Balance at June 30, 2021** | **11,515** | **482** | **2,589** | **11,117** | **–** | **25,703** |

## 18 GOODWILL AND OTHER INTANGIBLES ASSETS (Continued)

The carrying amount of goodwill, net of impairment loss, is allocated to the following CGUs:

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| USA operation | **8,460** | 8,460 |
| UK operation | **3,055** | 2,715 |
| | **11,515** | 11,175 |

Amortisation expense of US$0.8 million (June 30, 2020: US$0.5 million) has been charged in "General and administrative expenses" and US$4.0 million (June 30, 2020: US$1.7 million) has been charged in "Research and development expenses" for the 12 months ended June 30, 2021.

Since June 30, 2020 US$6.5 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 on a date other than the date of the annual impairment test. The Company has elected to perform its annual impairment test in the fourth quarter of each financial year.

The Company completed its annual evaluation as of April 1, 2021, based on valuations performed by a third-party specialist, and management determined there were no impairments on its CGUs.

For the purpose of impairment testing, goodwill is allocated to the Group's regional CGUs, as these represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose. As part of the annual evaluation process, separate calculations are prepared for each of the groups of CGUs that make up the consolidated Group. These calculations used discounted cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates appropriate for the market in which the unit operates. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarised below.

## 18 GOODWILL AND OTHER INTANGIBLES ASSETS (Continued)

- After-tax discount rates of 12.5%–13.5% were used in discounting the projected cash flows. The after-tax discount rates were calculated for each CGU.
- After-tax cash flows were projected based on the historical operating results and forecasts.
- The terminal values were extrapolated using constant long-term growth rate of 2.0%, which is consistent with the average growth rate for the industry.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results. Changes in key assumptions could impact calculated recoverable values and may result in future impairment (see Note 3a).

## 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.

During the 12 months ended June 30, 2021, the Group's headquarter lease in Flower Mound, Texas commenced. The Group is required to make fixed monthly payments on this lease, and additional payments for common area maintenance, utilities, insurance and taxes. The initial lease term is for eight years with a five year renewal option. At the commencement of the lease, the Group has assessed that it is reasonably certain to exercise the renewal option. The incremental borrowing rate applied to this lease is 7.93%.

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

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

| **Right of Use Assets** *US$ in thousands* | **Buildings** | **Vehicles** | **Office equipment** | **Total** |
|---|---|---|---|---|
| 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) |
| As at June 30, 2020 | 1,367 | 160 | 11 | 1,538 |
| At July 1, 2020 | 1,367 | 160 | 11 | 1,538 |
| Additions to right-of-use assets | **4,576** | **—** | **—** | **4,576** |
| Depreciation charge for the year | **(955)** | **(59)** | **(2)** | **(1,016)** |
| Derecognition of right-of-use assets | **—** | **—** | **—** | **—** |
| Foreign currency translation adjustment | **117** | **7** | **—** | **124** |
| **As at June 30, 2021** | **5,105** | **108** | **9** | **5,222** |

| **Lease Liabilities** *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Non-current portion | **7,154** | 914 |
| Current portion | **411** | 692 |
| | **7,565** | 1,606 |

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

| As at June 30, 2020, the Company's lease liabilities mature as follows *(US$ in thousands)*: | 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 |
| | 1,758 | (152) | 1,606 |

| **As at June 30, 2021, the Company's lease liabilities mature as follows** *(US$ in thousands)*: | **Future minimum lease payments** | **Interest** | **Present value of minimum lease payments** |
|---|---|---|---|
| Within 1 year | **974** | **(563)** | **411** |
| After 1 year but within 2 years | **1,115** | **(526)** | **589** |
| After 2 years but within 5 years | **2,978** | **(1,332)** | **1,646** |
| After 5 years | **6,409** | **(1,490)** | **4,919** |
| | **11,476** | **(3,911)** | **7,565** |

| **Amounts recognised in profit or loss** *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Depreciation expense on right-of-use assets | **1,016** | 1,084 |
| Interest expense on lease liabilities | **536** | 43 |
| Expense relating to short-term leases | **85** | — |
| Expense relating to variable lease payments not included in the measurement of the lease liability | **29** | — |

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

| **Cash outflows for leases** *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Cash flows excluding interest expense | **258** | 1,005 |
| Interest expense | **536** | 43 |
| Total cash outflows for leases | **794** | 1,048 |

As at June 30, 2021 and June 30, 2020, the Group had total cash outflows for leases of US$0.8 million and US$1.0 million, respectively. The Group had not executed any new leases as at June 30, 2021 that have not yet commenced.

## 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 at June 30, 2021, the joint venture is 54.54% owned by Mr. Li Zheng, 2.73% owned by VTC Electronics (Shanghai), 2.73% owned by Tritech Development Limited, and 40.0% owned by IntelliCentrics Zengine (Hong Kong) Company Limited, a subsidiary of the Group. In January 2021, the Group contributed an additional US$0.4 million to the joint venture. See details of the additional capital commitment contracted, but not provided for, below.

As at June 30, 2021, the Company's carrying amount in the joint venture has been reduced to US$127 thousand. 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 12 months ended June 30, 2021.

### 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. US$0.3 million remained contracted but not provided for as at June 30, 2021.

## 21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| **Non-current:** | | |
| Deposits and prepayments | **158** | 348 |
| | **158** | 348 |
| **Current:** | | |
| Other receivables[(1)] | **1,057** | 64 |
| Prepaid expenses | **1,192** | 1,770 |
| Current income tax receivable-federal | **706** | 193 |
| Current income tax receivable-state | **23** | 486 |
| Short-term bank deposits | **—** | 5 |
| | **2,978** | 2,518 |
| **Total** | **3,136** | 2,866 |

Note:

(1) Includes US$975 thousand receivable for unauthorised disbursements. The funds were subsequently recovered from the receiving bank (see Note 41).

The Group considered that the carrying amounts of deposits and other receivables approximated to their respective fair values as at June 30, 2021 and June 30, 2020.

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

## 22 RESTRICTED CASH

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Restricted cash — Non-current | **12,919** | 163 |
| Restricted cash — Current | **2,250** | 10,185 |
| | **15,169** | 10,348 |

As at June 30, 2021 and June 30, 2020, bank deposits of US$15.0 million and US$10.2 million, respectively, were restricted certificates of deposit held as security for certain banking borrowings of the Group as disclosed in Note 28. Other non-current restricted cash of US$0.2 million and US$0.1 million as at June 30, 2021 and June 30, 2020, respectively, was cash held by the RSA Scheme.

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

## 23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The financial assets at FVOCI is comprised of the following:

| *US$ in thousands* | **Fair value at June 30, 2021** | Fair value at June 30, 2020 |
|---|---|---|
| Investment in equity instruments | **600** | 2,025 |
| Investment in debt instruments | **12,341** | 45,900 |
| | **12,941** | 47,925 |

The Group's investment in equity instruments consists of listed equity securities of AerKomm Inc. The Group currently owns 118,000 shares of AerKomm Inc. representing approximately 1.2% of the issued and outstanding shares as at June 30, 2021. The cost of the equity instruments was US$5.0 million. The fair value of the instruments as at June 30, 2021 and June 30, 2020 was US$0.6 million and US$2.0 million, respectively. The investments are designated 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.

The Group's investment in debt instruments consist of promissory notes. As at June 30, 2021 and June 30, 2020, these promissory notes were stated at their fair value of US$12.3 million and US$45.9 million, respectively, as determined by management. The promissory notes are denominated in US$ 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 years and includes a rollover option. During the 12 months ended June 30, 2021, the Group redeemed promissory notes, using the 3-day notification, and received all principal and expected interest of US$32.1 million. The par value of the remaining promissory note as at June 30, 2021 was US$11.3 million. The Group exercised its right to request redemption for the remaining note in July 2021 and accordingly, classifies the promissory note as current assets as at June 30, 2021. Please refer to Note 41 for further information on the promissory note redemption.

Please refer to Notes 36 and 37 for further information on fair value measurement, significant judgements, risks, and uncertainties.

## 24 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Cash on hand | **13** | 12 |
| Bank balances | **31,304** | 7,783 |
| Cash and cash equivalents | **31,317** | 7,795 |
| Maximum exposure to credit risk | **31,304** | 7,783 |

As at June 30, 2021 and June 30, 2020, there were no time deposits or short-term bank deposits.

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

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| HKD | **19,672** | 1,193 |
| USD | **11,326** | 6,282 |
| GBP | **199** | 267 |
| NTD | **76** | 21 |
| CAD | **42** | 28 |
| EUR | **2** | 4 |
| | **31,317** | 7,795 |

## 25 SHARE CAPITAL AND SHARE PREMIUM

As at June 30, 2021, the Company had 620,000,000 authorised number of shares at par value of US$0.0001 each (June 30, 2020: 620,000,000 at par value of US$0.0001). The authorised share capital totalled US$62,000 (June 30, 2020: US$62,000).

| | Number of ordinary shares *in thousands* | Share capital | Share premium *US$ in thousands* | Total |
|---|---|---|---|---|
| As at January 1, 2019 | 368,571 | 37 | 20,836 | 20,873 |
| Issuance of ordinary shares[(1)(2)] | 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 |
| As at July 1, 2020 | 457,112 | 46 | 76,929 | 76,975 |
| Share-based payment | — | — | 171 | 171 |
| **As at June 30, 2021** | **457,112** | **46** | **77,100** | **77,146** |

Notes:

(1) 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.

(2) 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 RESERVES

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

| Reserve | Description and purpose |
|---|---|
| RSA scheme reserve | The RSA scheme reserve comprises the ordinary shares held by the various share trusts. As at June 30, 2021, the RSA scheme reserve held 22,387,273 ordinary shares. |
| 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 and share awards that are equity-settled. |
| Fair value reserve | The fair value reserve comprises:<br>— the cumulative net change in the fair value of equity securities designated at FVOCI; and<br>— 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. |

## 27 SHARE-BASED PAYMENT

### (a) Description of share-based payment arrangements

At June 30, 2021, 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.

  On April 15, 2021, the Board approved for participants in this plan to voluntarily transition their share option grants in the Pre-IPO Share Option Scheme into the Company's RSA Scheme. These replacement awards bear the same exercise price and vesting conditions as the original Pre-IPO Share Option Scheme grants and provide the grantees with the benefits of an internet portal to self-manage share option transactions. As at June 30, 2021, the majority of the grantees transitioned into the RSA Scheme leaving two remaining grantees with 5,040,000 instruments in the Pre-IPO Share Option Scheme.

  As at June 30, 2021, 5,040,000 restricted shares have been granted under the Pre-IPO Share Option Scheme as detailed below.

| 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 |
| **Non-management** | | | |
| On February 18, 2019 | 40,000 | 5 years | 6 years |
| **Total number of instruments as at June 30, 2021** | **5,040,000** | | |

## 27 SHARE-BASED PAYMENT (Continued)

### (a) Description of share-based payment arrangements (Continued)

- **RSA Scheme**

  On April 26, 2019, the Company's Board adopted the RSA Scheme. On May 16, 2019, a trust deed was executed to constitute the trust in relation to the RSA Scheme for the purpose of the Company's grant of award shares to selected non-connected participants from time to time pursuant to the scheme rules. The objectives of the RSA Scheme are to recognise the contributions by the selected non-connected participants, to give them incentives to achieve performance goals, and to attract suitable personnel for further development of the Group. The RSA Scheme shall be subject to the administration of the Company's RSA Scheme for Non-Connected Persons Administration Committee and the trustee in accordance with the RSA 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 RSA Scheme if as a result of such purchase, the number of Shares administered under the RSA 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 RSA Scheme, or such other limit as determined by the RSA Scheme for Non-Connected Persons 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 at June 30, 2021, 7,506,356 restricted shares have been granted under the RSA Scheme as detailed below.

| Grant date/employees entitled | Number of instruments | Vesting conditions | Contractual life of options |
|---|---|---|---|
| **Senior Management of our Company** | | | |
| On February 18, 2019 | 1,867,500 | 5 years | 6 years |
| On December 9, 2019 | 1,000,000 | 4 years | 10 years |
| On January 18, 2021 | 197,887 | 6/30/2021 | 8 years |
| On January 18, 2021 | 106,557 | 10/1/2021 | 8 years |
| On March 3, 2021 | 782,500 | 4 years | 8 years |
| On March 3, 2021 | 350,000 | 3 years | 8 years |
| On March 15, 2021 | 700,000 | 4 years | 8 years |
| **Non-management** | | | |
| On February 18, 2019 | 1,555,000 | 5 years | 6 years |
| On January 18, 2021 | 387,954 | 6/30/2021 | 8 years |
| On January 18, 2021 | 208,958 | 10/1/2021 | 8 years |
| On April 1, 2021 | 350,000 | 4 years | 8 years |
| **Total number of instruments as at June 30, 2021** | **7,506,356** | | |

## 27 SHARE-BASED PAYMENT (Continued)

### (a) Description of share-based payment arrangements (Continued)

- **RSA Scheme for Core Connected Persons**

  On October 20, 2020, the Company's Board adopted the RSA Scheme for Core Connected Persons. On May 28, 2021, a trust deed was executed to constitute the trust in relation to the RSA Scheme for Core Connected Persons for the purpose of the Company's grant of award shares to selected core connected participants from time to time pursuant to the scheme rules. The objectives of the RSA Scheme for Core Connected Persons are to recognise the contributions by the selected core connected participants, to give them incentives to achieve performance goals, and to attract suitable personnel for further development of the Group. The RSA Scheme for Core Connected Persons shall be subject to the administration of the Company's RSA Scheme for Core Connected Persons Administration Committee and the trustee in accordance with the RSA Scheme for Core Connected Persons 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 RSA Scheme for Core Connected Persons if as a result of such purchase, the number of Shares administered under the RSA Scheme for Core Connected Persons 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 RSA Scheme for Core Connected Persons, or such other limit as determined by the RSA Scheme for Core Connected Persons 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 at June 30, 2021, 366,869 restricted shares have been granted under the RSA Scheme for Core Connected Persons as detailed below.

| Grant date/employees entitled | Number of instruments | Vesting conditions | Contractual life of options |
|---|---|---|---|
| **Director of our Company** | | | |
| On January 18, 2021 | 238,464 | 6/30/2021 | 8 years |
| On January 18, 2021 | 128,405 | 10/1/2021 | 8 years |
| **Total number of instruments as at June 30, 2021** | **366,869** | | |

## 27 SHARE-BASED PAYMENT (Continued)

### (b) 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, RSA Scheme, and RSA Scheme for Core Connected Persons.

| | **As at June 30, 2021** | As at June 30, 2020 | |
|---|---|---|---|
| | **RSA Scheme** | Pre-IPO Share Option Scheme | RSA Scheme |
| Model used | **Black-Scholes Model** | Black-Scholes Model | Black-Scholes Model |
| Weighted average fair values at the grant date (US$) | **0.538** | 0.098 | 0.109 |
| Weighted average share price at grant date (US$) | **0.832** | 0.680 | 0.649 |
| Weighted average exercise price (US$) | **0.882** | 0.875 | 0.879 |
| Expected volatility (%) | **74.77%** | 30.40% | 26.46% |
| Expected life of share options and share awards (years) | **6.18** | 4.50 | 5.86 |
| Expected dividend yield (%) | **—%** | 2.33% | —% |
| Risk-free interest rate (%) | **0.97%** | 2.53% | 1.12% |

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

The fair value of share awards granted with no exercise price under the RSA Scheme, and the RSA Scheme for Core Connected Persons during the 12 months ended June 30, 2021 was measured using the stock price of US$0.819 on the grant date of January 18, 2021.

## 27 SHARE-BASED PAYMENT (Continued)

### (c) Reconciliation of outstanding share options and share awards

The following table shows the number, weighted average exercise prices of, and movements in, share options and share awards under the Pre-IPO Share Option Scheme, the RSA Scheme, and the RSA Scheme for Core Connected Persons during the 12 months ended June 30, 2021 and 18 months ended June 30, 2020.

| | Pre-IPO Share Option Scheme | | RSA Scheme | | RSA Scheme for Core Connected Persons | |
|---|---|---|---|---|---|---|
| | Number of share options | Weighted average exercise price (US$ per Share) | Number of share awards | Weighted average exercise price (US$ per Share) | Number of share awards | Weighted average exercise price (US$ per Share) |
| As at January 1, 2019 | — | — | — | — | — | — |
| Granted during the reporting period | 11,535.0 | 0.875 | 1,850.0 | 0.879 | — | — |
| Forfeited during the reporting period | (3,027.5) | 0.875 | — | — | — | — |
| **Options and awards outstanding at June 30 2020** | **8,507.5** | **0.875** | **1,850.0** | **0.879** | **–** | **–** |
| Options exercisable at June 30, 2020 | 1,701.5 | 0.875 | — | — | — | — |
| As at July 1, 2020 | 8,507.5 | 0.875 | 1,850.0 | 0.879 | — | — |
| Granted during the reporting period | — | — | 6,506.4 | 0.756 | 366.9 | — |
| Forfeited during the reporting period | (45.0) | 0.875 | (1,028.3) | 0.830 | — | — |
| Exercised during the reporting period[(1)] | — | — | (567.4) | 0.003 | (238.5) | — |
| Cancelled during the reporting period | (3,422.5) | 0.875 | | | | |
| **Options and awards outstanding at June 30 2021** | **5,040.0** | **0.875** | **6,760.7** | **0.842** | **128.4** | **–** |
| Options and awards exercisable at June 30, 2021 | 2,016.0 | 0.875 | 1,617.0 | 0.875 | — | — |

Note:

(1) The weighted average share price at the date of exercise for share awards exercised during the period was US$1.13.

## 27 SHARE-BASED PAYMENT (Continued)

### (c) Reconciliation of outstanding share options and share awards (Continued)

The following table shows the weighted average remaining contractual life of the Pre-IPO Share Option Scheme, The RSA Scheme, and the RSA Scheme for Core Connected Persons outstanding at June 30, 2021.

| Scheme Name | Weighted Average Remaining Contractual Life Outstanding As at June 30, 2021 | As at June 30, 2020 |
|---|---|---|
| Pre-IPO Share Option Scheme | **3.67 years** | 4.65 years |
| RSA Scheme | **7.82 years** | 8.82 years |
| RSA Scheme for Core Connected Persons | **8.31 years** | — |

### (d) Bonus conversion to share-based payment

The Board voted to formally approve a bonus for the employees and to convert the US$1.1 million cash bonus accrual recognised as at June 30, 2020 to a share-based bonus. The shares to be assigned for this share-based bonus were approved to be allocated out of the RSA Scheme for Core Connected Persons and the RSA Scheme. The terms of the share-based bonus for the 18 months ended June 30, 2020 included a retention period where 65% of the shares vested for those employed on June 30, 2021 and 35% on October 1, 2021. As at June 30, 2021, the Company has recognised share-based payment expense of US$1.0 million for services performed by employees who are eligible for the share-based bonus with the remaining time-based share compensation expense of US$0.1 million to be recognised during the 12 months ended June 30, 2022.

### (e) Expense recognised in profit or loss

The Group recognised total expenses of US$1.4 million related to equity-settled share-based payment transactions during the 12 months ended June 30, 2021, compared to US$0.5 million during the 18 months ended June 30, 2020.

## 28 BORROWINGS

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Non-current bank borrowings | **25,491** | — |
| Current bank borrowings | **5,982** | 21,500 |
| | **31,473** | 21,500 |

During the 12 months ended June 30, 2021, the Group recapitalised its existing outstanding debt facility with EnTie bank from US$20.0 million short-term borrowings to a US$30.0 million long-term borrowing facility with US$1.5 million due in December 2021. The Group recognised a loss on extinguishment of debt of US$24 thousand in bank charges on bank borrowings.

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

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Within 1 year | **5,982** | 21,500 |
| After 1 year but within 2 years | **10,500** | — |
| After 2 years but within 5 years | **14,991** | — |
| | **31,473** | 21,500 |

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

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| 6 months or less | **31,473** | 21,500 |

## 28 BORROWINGS (Continued)

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

| | As at June 30, 2021 | As at June 30, 2020 |
|---|---|---|
| Interest rates | 1.72%–3.61% | 3.02%–6.84% |

Bank borrowings are secured by certain bank deposits of the Group as disclosed in restricted cash.

## 29 TRADE PAYABLES

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

| *US$ in thousands* | As at June 30, 2021 | As at June 30, 2020 |
|---|---|---|
| Current | 1,909 | 2,206 |
| 1–30 days | 787 | 52 |
| | 2,696 | 2,258 |

The Group considered that the carrying amounts of trade payables approximated to their respective fair values as at June 30, 2021 and June 30, 2020.

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

## 30 OTHER PAYABLES AND PROVISIONS

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Salaries and bonuses payable | **733** | 1,228 |
| Professional service fee payable | **596** | 1,064 |
| Other tax payable | **80** | — |
| Others | **1,127** | 1,097 |
| | **2,536** | 3,389 |

The Group considered that the carrying amounts of other payables and provisions approximated to their respective fair values as at June 30, 2021 and June 30, 2020.

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

## 31 CONTINGENT LIABILITIES

The Company has the following 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 at 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 filed a patent infringement lawsuit against IntelliCentrics, Inc.'s and IntelliCentrics Global Holdings Ltd. in the Eastern District of Texas. The lawsuit alleged that IntelliCentrics, Inc.'s visitor access and credentialing systems advertised as SEC$^3$URE Go! for use on the SEC$^3$URE Ethos technology platform infringe U.S. Patent No. 10,304,268.

a. IntelliCentrics, Inc. filed its motion to dismiss on August 18, 2020 based on the argument that Repifi's patent is invalid for failing to claim patentable subject matter because it is directed to and claimed an abstract idea. On March 3, 2021, the Court agreed with IntelliCentrics, Inc.'s argument that Repifi's patent claimed the abstract idea of credentialing visitors and checking the visitor in and out of an access-controlled environment. The Court concluded the claim merely delineates "a method for accomplishing this longstanding human activity," and implements that method using "existing technology such as smart phones and electronic badges." The Court also found that Repifi's patent did not contain an inventive concept. The motions to dismiss were granted by the court on behalf of IntelliCentrics, Inc.

## 31 CONTINGENT LIABILITIES (Continued)

b. On April 27, 2021, Repifi filed an appeal on the granting of the motions to dismiss. The appeal hearing will likely take place in the fall of 2021 and at this time no date has been set for the appeal hearing to be held.

As at June 30, 2021, the Group did not have any other material contingent liabilities.

## 32 RELATED PARTIES TRANSACTIONS

The following individuals and companies are related parties of the Group that had balances and/or transactions with the Group for the 12 months ended June 30, 2021, and 18 months ended June 30, 2020:

| 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 Hermacinski (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.

## 32 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:

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| Wages and salaries | **2,604** | 3,678 |
| Bonuses[(1)] | **65** | 1,326 |
| Pension cost — defined contribution plans | **25** | 56 |
| Other benefits | **428** | 287 |
| | **3,122** | 5,347 |

Note:

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

## 32 RELATED PARTIES TRANSACTIONS (Continued)

### (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:

| *US$ in thousands* | Transactions<br>**12 months ended June 30, 2021** | <br>18 months ended June 30, 2020 | Balances<br>**As at June 30, 2021** | <br>As at June 30, 2020 |
|---|---|---|---|---|
| Office rental expense[1] | **304** | 456 | **26** | 44 |
| Consulting services[2] | **55** | 88 | **2** | — |
| | **359** | 544 | **28** | 44 |

Notes:

(1) The Group rents office space in Taiwan from VTC. VTC rents the space from a third party that is not considered a related party. 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. 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. The Group also contracts accounting services from VTC.

## 33 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.

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**<br>*US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Non-current assets | **127** | — |
| Current assets | **86** | 93 |
| **Total assets** | **213** | 93 |
| Current liabilities | **400** | 8 |
| **Total liabilities** | **400** | 8 |
| **Equity attributable to owners of the parent** | **(125)** | 57 |
| **Non-controlling interests** | **(62)** | 28 |

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

## 33 NON-CONTROLLING INTERESTS (Continued)

| Summarised statement of loss and other comprehensive loss<br>*US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| General and administrative expenses | **2** | (11) |
| Other losses | **(2)** | (1) |
| **Operating loss** | **—** | (12) |
| Finance income | **—** | 1 |
| Share of loss of a joint venture | **(272)** | (300) |
| **Loss before income tax** | **(272)** | (311) |
| **Loss for the period** | **(272)** | (311) |
| **Other comprehensive loss:** | | |
| Item that may be subsequently reclassified to profit or loss: | | |
| — Currency translation differences | **—** | (1) |
| **Other comprehensive loss for the period, net of tax** | **—** | (1) |
| **Total comprehensive loss for the period** | **(272)** | (312) |
| **Loss for the period** | | |
| Attributable to owners of the Company | **(182)** | (209) |
| Attributable to non-controlling interest | **(90)** | (102) |
| **Total comprehensive loss for the period** | | |
| Attributable to owners of the Company | **(182)** | (210) |
| Attributable to non-controlling interest | **(90)** | (102) |

## 33 NON-CONTROLLING INTERESTS (Continued)

| **Statement of cash flows** *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Cash flows used in operating activities | **(407)** | (302) |
| Cash flows from financing activities (dividends to NCI: nil) | **400** | — |
| **Net decrease in cash and cash equivalents** | **(7)** | (302) |

## 34 SUBSIDIARIES

Details of the principal subsidiaries of the Company as at June 30, 2021, 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, 2021 | Effective interest held As at June 30, 2020 |
|---|---|---|---|---|---|---|---|
| **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 Systems 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% |
| 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% |

## 35 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of each director of the Company paid/payable by the Group for the 12 months ended June 30, 2021, are set out as follows:

| *US$ in thousands* | Director's fee | Salaries and wages | Bonuses | Pension cost-defined contribution plan | Other social security costs, housing benefits and other employee benefits | Total |
|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | |
| Mr. Lin Tzung-Liang | 47 | 299 | – | – | 60 | 406 |
| Mr. Michael James Sheehan | 29 | 751 | – | 10 | 133 | 923 |
| **Non-executive directors** | | | | | | |
| Mr. Lin Kuo-Chang | 45 | – | – | – | – | 45 |
| Mr. Leo Hermacinski[(1)] | 40 | – | – | – | – | 40 |
| **Independent non-executive directors** | | | | | | |
| Mr. Hsieh Yu Tien | 58 | – | – | – | – | 58 |
| Ms. Huang Yi-Fen | 52 | – | – | – | – | 52 |
| Mr. Wong Man Chung Francis | 58 | – | – | – | – | 58 |
| | 329 | 1,050 | – | 10 | 193 | 1,582 |

Note:

(1) Subsequent to June 30, 2021, Mr. Hemacinski's Director's fee was paid via a share award granted from the RSA Scheme for Core Connected Persons in lieu of cash compensation.

## 35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

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:

| *US$ in thousands* | Director's fee | Salaries and wages | Bonuses[1] | Pension cost-defined contribution plan | Other social security costs, housing benefits and other employee benefits | Total |
|---|---|---|---|---|---|---|
| **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)[2] | 46 | — | — | — | — | 46 |
| Mr. Lo Chiang (resigned)[2] | 46 | — | — | — | — | 46 |
| Mr. Shen Haipeng (resigned)[2] | 43 | — | — | — | — | 43 |
| | 418 | 2,137 | 1,000 | 22 | 206 | 3,783 |

Notes:

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

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

## 35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (a) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the 12 months ended June 30, 2021, and 18 months ended June 30, 2020.

### (b) Directors' termination benefits

None of the directors received or will receive any termination benefits for the 12 months ended June 30, 2021, and 18 months ended June 30, 2020.

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

For the 12 months ended June 30, 2021, and 18 months ended June 30, 2020, 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 35, 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 12 months ended June 30, 2021, and 18 months ended June 30, 2020.

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

Save as disclosed in Note 35, 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 12 months ended June 30, 2021, and 18 months ended June 30, 2020.

## 36 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:

| *US$ in thousands* | *Note* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|---|
| **Financial assets measure at fair value through other comprehensive income** | | | |
| Investment in equity instruments | 23 | **600** | 2,025 |
| Investment in debt instruments | 23 | **12,341** | 45,900 |
| | | **12,941** | 47,925 |
| **Financial assets at amortised cost** | | | |
| Deposits, prepayments and other receivables | 21 | **3,136** | 2,866 |
| Restricted cash | 22 | **15,169** | 10,348 |
| Cash and cash equivalents | 24 | **31,317** | 7,795 |
| | | **49,622** | 21,009 |
| **Financial liabilities at amortised cost** | | | |
| Borrowings | 28 | **31,473** | 21,500 |
| Trade payables | 29 | **2,696** | 2,258 |
| Other payables and provisions | 30 | **2,536** | 3,389 |
| Amounts due to related parties | 32 | **28** | 44 |
| | | **36,733** | 27,191 |

## 36 FINANCIAL INSTRUMENTS — FAIR VALUE MEASUREMENT (Continued)

### (b) Fair value and fair value hierarchy of financial instruments

The carrying amounts of deposits, prepayments and other receivables, restricted cash, cash and cash equivalents, trade payables, other payables, and amounts due to related parties are assumed to approximate their fair values due to their short-term nature. 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 tables below.

Further, for the current or prior reporting period, the fair value disclosure of lease liabilities is not required.

#### (i) Fair value of financial instruments measured at fair value

The following table shows the carrying amounts and the recurring fair values of financial assets, including their levels in the fair value hierarchy. There were no financial liabilities measured at fair value.

| **As at June 30, 2021** | | **Carrying amount** | | | **Fair value** | | | |
|---|---|---|---|---|---|---|---|---|
| *US$ in thousands* | *Note* | **FVOCI — equity instruments** | **FVOCI — debt instruments** | **Total** | **Level 1** | **Level 2** | **Total** | **Adjustment recorded in OCI** |
| **Financial assets** | | | | | | | | |
| Investment in equity instruments | 23 | **600** | **—** | **600** | **600** | **—** | **600** | **(1,425)** |
| Investment in debt instruments | 23 | **—** | **12,341** | **12,341** | **—** | **12,341** | **12,341** | **(118)** |
| | | **600** | **12,341** | **12,941** | **600** | **12,341** | **12,941** | **(1,543)** |

| As at June 30, 2020 | | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| *US$ in thousands* | *Note* | FVOCI — equity instruments | FVOCI — debt instruments | Total | Level 1 | Level 3 | Total | Adjustment recorded in OCI |
| **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 |
| | | 2,025 | 45,900 | 47,925 | 2,025 | 45,900 | 47,925 | (2,947) |

At June 30, 2021, the FVOCI debt instrument with a carrying amount of US$12.3 million was transferred from Level 3 to Level 2 because the inputs used in the determination of the fair value was based on observable data. There were no transfers between the different levels in 2020.

## 36 FINANCIAL INSTRUMENTS — FAIR VALUE MEASUREMENT (Continued)

### (b) Fair value and fair value hierarchy of financial instruments (Continued)

#### (ii) Fair value of financial instruments not measured at fair value

The following table shows the carrying amounts and the recurring fair values of financial liabilities not measured at fair value, including their levels in the fair value hierarchy. There were no financial assets not measured at fair value.

| **As at June 30, 2021**<br>*US$ in thousands* | *Note* | **Carrying amount** | **Fair value Level 2** |
|---|---|---|---|
| Borrowings | 28 | 31,473 | 23,749 |

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, trade payables, other payables, and amounts due to related parties are assumed to approximate their fair values due to their short-term nature.

### (c) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the consolidated statement of financial position, as well as the significant unobservable inputs used:

| Type | Valuation technique | Significant inputs |
|---|---|---|
| Investment in debt instruments (Note 23) | Income approach.<br><br>The Group changed the valuation technique relating to the investment in debt instruments, as it expects to redeem the investments within 30 days of the end of the financial year. The income approach takes into account the stated return (as per the terms of the debt instrument) and the principal amount. The approach is deemed to be more appropriate due to the planned redemption (see Note 41). | Stated interest rate |
| Borrowings (Note 28) | Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. | Not applicable |

# 37 FINANCIAL RISK MANAGEMENT

## 37.1 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).

*(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 Group is traded on the Hong Kong exchange and holds bank accounts in Hong Kong dollars. As the Company was paid principal and interest on the promissory notes, an option and currency translation rate were provided in the redemption letters. The Company currently holds significant funds in Hong Kong dollars.

The foreign exchange loss for the 12 months ended June 30, 2021 was US$402.0 thousand (June 30, 2020: US$73.0 thousand) and was recognised in Other losses in the consolidated statement of profit or loss and other comprehensive income or loss.

## 37 FINANCIAL RISK MANAGEMENT (Continued)

### 37.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

*(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.

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, 2021, if the interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax (loss)/profit would have been approximately US$150.1 thousand higher/lower (June 30, 2020: US$(33.6) thousand 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.

*(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 70% increase at June 30, 2021 (June 30, 2020: 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$0.4 million (June 30, 2020: US$1.2 million). A 70% 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.

# 37 FINANCIAL RISK MANAGEMENT (Continued)

## 37.1 Financial risk factors (Continued)

### (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 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 redeemed funds from the majority of the promissory notes in 2021 and then redeemed the final promissory note in July 2021. The Group considers this investment to be a performing asset. 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 12 months ended June 30, 2021.

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.

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.

# 37 FINANCIAL RISK MANAGEMENT (Continued)

## 37.1 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 | 6 months expected losses; where the expected lifetime of an asset is less than 6 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 period.

### (c) Liquidity risk

Liquidity of the business is actively monitored in relation to changes in revenue and increasing customer support costs caused by COVID-19.

Additionally, the Group's management continues to monitor the assets of the Group including the final promissory note investment. As the final promissory note investment is located in the Asian market, in the aftermath of the pandemic quarantine, the region is operating, and the asset was subsequently redeemed.

The origination of the borrowings for the Group is located in Asia. During the 12 months ended June 30, 2021, the Group successfully renegotiated its US$20.0 million maturing term loans into a revolving line of credit of US$30.0 million which increased the existing liquidity. The Group has certain restricted cash at the bank equal to 50% of the value of the debt. The Group aims to maintain sufficient cash and cash equivalents to maintain flexibility in the current business environment.

# 37 FINANCIAL RISK MANAGEMENT (Continued)

## 37.1 Financial risk factors (Continued)

### (c) Liquidity risk (Continued)

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

| *US$ in thousands* | Within 1 year | After 1 year but within 2 years | After 2 years but within 5 years | After 5 years | Remaining contractual maturities |
|---|---|---|---|---|---|
| **As at June 30, 2021** | | | | | |
| Trade payables | **2,696** | **—** | **—** | **—** | **2,696** |
| Other payables and provisions | **2,536** | **—** | **—** | **—** | **2,536** |
| Amounts due to related parties | **28** | **—** | **—** | **—** | **28** |
| Lease liability | **974** | **1,115** | **2,978** | **6,409** | **11,476** |
| Borrowings (including accrued interests) | **6,760** | **11,064** | **15,172** | **—** | **32,996** |
| | **12,994** | **12,179** | **18,150** | **6,409** | **49,732** |
| 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 |
| | 28,267 | 318 | 684 | — | 29,269 |

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.

## 37 FINANCIAL RISK MANAGEMENT (Continued)

### 37.2 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.

| *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|
| Borrowings | **31,473** | 21,500 |
| Total debt | **31,473** | 21,500 |
| Total equity | **35,042** | 45,514 |
| Gearing ratio | **89.8%** | 47.2% |

Our gearing ratio ((short-term borrowing + long-term borrowings)/equity) increased to 89.8% as at June 30, 2021, from 47.2% as at June 30, 2020. The increase is due to the change in total borrowings and a reduction in equity due to the additional share purchases in the Company's RSA trusts. The increase in the total borrowings balance is the results from the revolver line of credit negotiated during the 12 months ended June 30, 2021. Refer to Note 28 for more details of the borrowings.

## 38 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

| *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 |
|---|---|---|
| **(Loss)/profit before income tax** | **(4,797)** | 4,298 |
| **Adjustments for:** | | |
| Depreciation | **4,301** | 1,704 |
| Amortisation | **4,843** | 2,187 |
| Interest income | **(1,729)** | (3,245) |
| Interest expense | **1,265** | 1,947 |
| Other financing costs | **105** | — |
| Reclassification of debt instruments at FVOCI | **51** | — |
| Gain on redemption | **(184)** | — |
| Accretion of debt discount | **—** | 579 |
| Equity-settled share-based payment transactions | **1,571** | 505 |
| Share of loss of a joint venture | **272** | 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 | **(322)** | 1,776 |
| Trade payables | **(905)** | 999 |
| Contract liabilities | **480** | 2,001 |
| Other payables and provisions | **(853)** | (382) |
| Amounts due to related parties | **(16)** | 20 |
| **Cash generated from operations** | **4,082** | 12,681 |

## 38 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### Reconciliation of liabilities arising from financing activities

| *US$ in thousands* | Liabilities from financing activities | | | |
|---|---|---|---|---|
| | Borrowings due within 1 year | Borrowings due after 1 year but within 2 years | Lease Liability | Total |
| 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 |
| Cash flows | **(15,590)** | **25,490** | **(794)** | **9,106** |
| Non-cash amounts recognised in profit or loss | **72** | **1** | **536** | **609** |
| New leases | **—** | **—** | **4,511** | **4,511** |
| Non-cash lease incentives | **—** | **—** | **1,567** | **1,567** |
| Foreign exchange movement | **—** | **—** | **139** | **139** |
| **As at June 30, 2021** | **5,982** | **25,491** | **7,565** | **39,038** |

## 39 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

| US$ in thousands | Note | As at June 30, 2021 | As at June 30, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment, net | | **1** | 3 |
| Investment in subsidiaries | | **70,268** | 70,268 |
| Right-of-use assets, net | | **108** | 368 |
| Deposits and prepayments | | **72** | 66 |
| Restricted cash | | **169** | 163 |
| | | **70,618** | 70,868 |
| **Current assets** | | | |
| Financial assets at fair value through other comprehensive income | | **12,941** | 47,925 |
| Deposits, prepayments and other receivables | | **4,715** | 1,253 |
| Cash and cash equivalents | | **24,812** | 1,897 |
| | | **42,468** | 51,075 |
| **Total assets** | | **113,086** | 121,943 |
| **EQUITY** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | **46** | 46 |
| Share premium | (a) | **77,100** | 76,929 |
| Other equity | (a) | **(19,924)** | (10,891) |
| Other reserves | (a) | **(1,998)** | (2,449) |
| Accumulated losses | (a) | **(12,447)** | (9,454) |
| **Total equity** | | **42,777** | 54,181 |

## 39 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

| *US$ in thousands* | *Note* | **As at June 30, 2021** | As at June 30, 2020 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | | **49** | 105 |
| | | **49** | 105 |
| **Current liabilities** | | | |
| Borrowings | | **1,501** | 1,500 |
| Lease liabilities | | **63** | 264 |
| Other payables and provisions | | **621** | 870 |
| Amounts due to related parties | | **28** | 44 |
| Amounts due to subsidiaries | | **67,236** | 64,966 |
| Contract liabilities | | **2** | — |
| Current income tax liabilities | | **809** | 13 |
| | | **70,260** | 67,657 |
| **Total liabilities** | | **70,309** | 67,762 |
| **Total equity and liabilities** | | **113,086** | 121,943 |

## 39 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a): Reserve movement of the Company

| *US$ in thousands* | Share premium | Other equity | Accumulated losses | Share option reserve | Fair value reserve | Foreign translation reserve | Total |
|---|---|---|---|---|---|---|---|
| As at January 1, 2019 | 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 |
| As at July 1, 2020 | 76,929 | (10,891) | (9,454) | 505 | (2,947) | (7) | 54,135 |
| Loss for the period | — | — | (2,993) | — | — | — | (2,993) |
| Other comprehensive loss | | | | | | | |
| — Equity instruments at FVOCI — net change in fair value | — | — | — | — | (1,425) | — | (1,425) |
| — Debt instruments at FVOCI — net change in fair value | — | — | — | — | (118) | — | (118) |
| — Debt instruments at FVOCI — reclassified to profit or loss | — | — | — | — | 51 | — | 51 |
| — Currency translation differences | — | — | — | — | — | 543 | 543 |
| Total comprehensive loss for the period | — | — | (2,993) | — | (1,492) | 543 | (3,942) |
| Transactions with owners: | | | | | | | |
| Acquisition of RSA shares | — | (9,033) | — | — | — | — | (9,033) |
| Share-based payment | 171 | — | — | 1,400 | — | — | 1,571 |
| Share options exercised | — | — | — | — | — | — | — |
| Total transactions with owners | 171 | (9,033) | — | 1,400 | — | — | (7,462) |
| **As at June 30, 2021** | 77,100 | (19,924) | (12,447) | 1,905 | (4,439) | 536 | 42,731 |

## 40 TWELVE MONTH COMPARATIVE FINANCIAL INFORMATION

In December 2019, the Board resolved to change the Group's financial year-end date from December 31 to June 30 with effect from 2019. Accordingly, the last consolidated financial statements covered an 18-month period from January 1, 2019 to June 30, 2020. In conjunction with this change and for the purpose of enhancing the comparability of financial information, the following financial information covering the 12 months ended June 30, 2021 for the current period and the corresponding 12 months ended June 30, 2020 for the prior period is voluntarily presented by the Company.

The accounting policies adopted and used to prepare the below information are consistent with those shown in Note 5.

### Consolidated Statement of Profit or Loss

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 |
|---|---|---|
| **Revenue** | **37,666** | 36,824 |
| Cost of revenue | **(4,900)** | (2,442) |
| **Gross profit** | **32,766** | 34,382 |
| Selling and marketing expenses | **(4,769)** | (6,141) |
| General and administrative expenses | **(18,055)** | (14,187) |
| Research and development expenses | **(13,824)** | (9,183) |
| Other losses | **(402)** | (167) |
| **Operating (loss)/profit** | **(4,284)** | 4,704 |
| Finance costs | **(1,966)** | (2,199) |
| Finance income | **1,729** | 2,362 |
| Other non-operating (expense)/income | **(4)** | 1,715 |
| Share of loss of a joint venture, net of tax | **(272)** | (250) |
| **(Loss)/profit before income tax** | **(4,797)** | 6,332 |
| Income tax expense | **1,823** | (876) |
| **(Loss)/profit for the period** | **(2,974)** | 5,456 |

## 40 TWELVE MONTH COMPARATIVE FINANCIAL INFORMATION (Continued)

### Consolidated Statement of Profit or Loss (Continued)

#### Revenue

Substantially all fees are paid by subscribers at the inception of service. The following table sets forth a breakdown of our revenue by solutions and add-on services for the periods indicated:

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 |
|---|---|---|
| Vendor and Medical Credentialing | **36,939** | 36,015 |
| Add-On Services | **727** | 809 |
| | **37,666** | 36,824 |

### Disaggregation of Revenue from Contracts with Customers

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 |
|---|---|---|
| **Timing of revenue recognition** | | |
| — Over time | **37,301** | 36,427 |
| — At a point in time | **365** | 397 |
| | **37,666** | 36,824 |

The Group's revenues are substantially generated in the U.S., with revenues attributed to the U.S. for the 12 months ended June 30, 2021 totaling US$37.0 million (US$36.2 million for the 12 months ended June 30, 2020).

## 40 TWELVE MONTH COMPARATIVE FINANCIAL INFORMATION (Continued)

### Expenses by Nature

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

| *US$ in thousands* | **12 months ended June 30, 2021** | 12 months ended June 30, 2020 |
|---|---|---|
| Employee benefits expenses and directors' emoluments[1] | **16,122** | 15,733 |
| R&D professional service fees | **2,183** | 2,076 |
| Other professional service fees | **5,105** | 4,001 |
| Promotion and advertisement expenses | **1,153** | 1,481 |
| Maintenance | **3,714** | 2,553 |
| Payment processing fees[1] | **1,047** | 1,014 |
| Depreciation expense | **4,301** | 1,551 |
| Amortisation expense | **4,843** | 2,036 |
| Auditor's remuneration | **1,422** | 213 |
| Others[1] | **1,658** | 1,295 |
| **Total cost of revenues, selling and marketing expenses, general and administrative expenses, and R&D expenses** | **41,548** | 31,953 |

Note:

(1) Employee expenses of US$0.5 million (US$0.4 million as at June 30, 2020), payment processing fees of US$1.0 million (US$1.0 million as at June 30, 2020), depreciation of subscriber equipment of US$2.9 million (US$0.5 million as at June 30, 2020) and other expenses of US$0.5 million (US$0.5 million as at June 30, 2020) have been charged in "Cost of revenue".

## 41 EVENTS AFTER THE REPORTING PERIOD

### Distribution and Recovery of Unauthorised Disbursements

On June 29, 2021, the Group fell victim to the Incident. As a result, US$1.0 million was disbursed to international bank accounts unassociated with the Group. As at June 30, 2021, US$1.0 million was recorded in other receivables. On July 5, 2021, the Group disbursed an additional US$6.0 million related to the Incident. The Group recovered US$1.0 million, less adjustments for fees and foreign currency exchange on July 19, 2021. The Group is coordinating with law enforcement and legal authorities to recover the remaining funds. The Group will record a loss of US$6 million if the funds are not recovered during the next financial year.

### Redemption of Promissory Note

On July 21, 2021, the Company received the principal and the accrued interest related to the redemption of the final promissory note equal to US$12.3 million. A gain of US$0.1 million was also recorded on the redemption. After the redemption, there are no outstanding promissory note balances.

### Establishing a Taiwan Operating Company

On August 24, 2021, the Group received certificates for IntelliCentrics International, Ltd., a Cayman Island Corporation to establish an operating company to support the BioBytes™ subscribers in Taiwan.

# Financial Summary

| **Results** *US$ in thousands* | **12 months ended June 30, 2021** | 18 months ended June 30, 2020 | 12 months ended December 31, 2018 | 12 months ended December 31, 2017 | 12 months ended December 31, 2016 |
|---|---|---|---|---|---|
| Revenue | **37,666** | 54,648 | 34,037 | 31,399 | 30,834 |
| (Loss)/profit before income tax | **(4,797)** | 4,298 | 5,621 | 10,508 | 13,302 |
| Income tax expenses | **1,823** | (2,062) | (2,572) | (2,696) | (6,293) |
| **(Loss)/profit for the period** | **(2,974)** | 2,236 | 3,049 | 7,812 | 7,009 |

| **Assets, Equity and Liabilities** *US$ in thousands* | **As at June 30, 2021** | As at June 30, 2020 | As at December 31, 2018 | As at December 31, 2017 | As at December 31, 2016 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non-current assets | **52,267** | 28,725 | 32,305 | 34,790 | 12,223 |
| Current assets | **49,486** | 68,423 | 35,660 | 37,042 | 56,626 |
| **Total assets** | **101,753** | 97,148 | 67,965 | 71,832 | 68,849 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Total equity** | **35,042** | 45,514 | 1,090 | 50,489 | 32,543 |
| Non-current liabilities | **35,285** | 4,479 | 31,800 | 1,101 | 1,028 |
| Current liabilities | **31,426** | 47,155 | 35,075 | 20,242 | 35,278 |
| **Total liabilities** | **66,711** | 51,634 | 66,875 | 21,343 | 36,306 |
| **Total equity and liabilities** | **101,753** | 97,148 | 67,965 | 71,832 | 68,849 |

# Definitions

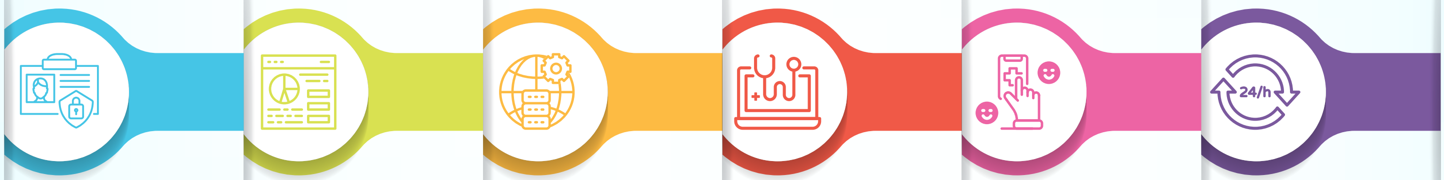
| | |
|---|---|
| "AGM" | annual general meeting of the Company; |
| "Articles of Association" | the Second Amended and Restated Memorandum and Articles of Association of the Company (as amended from time to time), conditionally adopted on March 14, 2019, with effect from the Listing Date; |
| "Audit Committee" | the audit committee of the Board; |
| "Board" or "Board of Directors" | the board of Directors of the Company; |
| "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 the Company, namely Mr. Lin and Ocin Corp.; |
| "Director(s)" | director(s) of the Company; |
| "EBITDA" | Non-IFRS measure of earnings before interest, taxes, depreciation, and amortisation; |
| "FVOCI" | fair value through other comprehensive income; |
| "Global Offering" | the global offering of new Shares of the Company in March 2019; |
| "Group", "our Group", "we" or "us" | the Company and its subsidiaries at the relevant time and, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be); |
| "IAS" | International Accounting Standards; |

| | |
|---|---|
| "IASB" | International Accounting Standards Board; |
| "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 10, 2021; |
| "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; |
| "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; |
| "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; |
| "R&D" | research and development; |
| "RSA Scheme" | the Restricted Share Award Scheme approved and adopted by the Company on April 26, 2019; |
| "RSA Scheme for Core Connected Persons" | the Restricted Share Award Scheme for Core Connected Persons approved and adopted by the Company on October 20, 2020; |
| "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 the Company with nominal value of US$0.0001 each; |
| "Share award(s)" | the award(s) granted by the Company under the RSA Scheme or the RSA Scheme for Core Connected Persons; |
| "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; |
| “USD”, “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; |
| “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; and |
| “%” | Percent. |

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




**IntelliCentrics Global Holdings Ltd.**

**中 智 全 球 控 股 有 限 公 司**