IntelliCentrics

IntelliCentrics Global Holdings Ltd.
中 智 全 球 控 股 有 限 公 司

INCORPORATED IN THE CAYMAN ISLANDS
WITH LIMITED LIABILITY
STOCK CODE: 6819

INTERIM REPORT 2021

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

JOINT COMPANY SECRETARIES

Mr. Hung Kuo Yuan
Ms. Leung Shui Bing

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

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

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United States of America

REGISTERED OFFICE

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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

AUTHORISED REPRESENTATIVES

Mr. Michael James Sheehan
Mr. Hung Kuo Yuan

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
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United States of America

LEGAL ADVISER

Sullivan & Cromwell (Hong Kong) LLP
20th Floor, Alexandra House
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Hong Kong

PRINCIPAL BANKERS

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3003 Tasman Drive
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EnTie Commercial Bank
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Taipei City 10544
Taiwan R.O.C.

Shanghai Commercial and Savings
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Zhongshan District
Taipei City 10491
Taiwan R.O.C.

STOCK CODE

6819

COMPANY WEBSITE

www.intellicentrics-global.com

Management Discussion and Analysis

BUSINESS OVERVIEW

With a mission to use trust to make high-quality healthcare as accessible as a good cup of coffee, IntelliCentrics created the SEC³URE technology platform. Built on three core principles — transparency, neutrality, and independence — our platform is relied on by more than 10,000 locations of care ("LoCs") worldwide to ensure two-way trust between patients, doctors, vendor representatives and healthcare companies.

IntelliCentrics is a global enterprise with operations in the U.S., Canada, U.K., Taiwan, and a joint venture in the People's Republic of China ("PRC"). In the 6 months ended December 31, 2021, the Group continued to focus on creating shareholder value while simultaneously navigating the enduring global pandemic and its impact on healthcare delivery and the economy in general. Our core business remained stable and we saw an increase in revenue, gross profit, and adjusted earnings before interest, taxes, depreciation and amortisation ("EBITDA"). The global healthcare industry continues to bear the heavy burden of COVID-19 but in the U.S. market there was a modest increase in commercial activity. As compared to the same period ended December 31, 2020, the Group's revenue increased by 8.1% to US$20.6 million, gross profit increased by 7.4% to US$17.9 million, and Adjusted EBITDA increased by 430.8% to US$3.7 million. The Group synchronised deployment of sales and marketing efforts with the tepid recovery of the healthcare industry and continued to invest in research and development ("R&D"). We are committed to the continuous enhancement of the value of our technology platform and network. Total R&D investment for the 6 months ended December 31, 2021, were US$6.7 million of which US$2.5 million was capitalised and US$4.2 million expensed in the period. For the period ended December 31, 2020, the corresponding amounts were US$7.8 million, US$2.2 million, and US$5.6 million, respectively.

For the 6 months ended December 31, 2021, the net loss was US$9.2 million compared to a net loss of US$1.4 million for the 6 months ended December 31, 2020. The primary driver for the change in net loss was the approximately US$6.1 million loss related to the Unauthorised Disbursements and related expenses in connection with retrieval of same. Contributing to the net loss was also an increase in amortisation and depreciation expense related to our technology platform development to US$5.6 million compared to US$4.0 million for the 6 months ended December 31, 2020.

The Group experienced month-over-month growth in its subscribers base for 10 consecutive months ending December 31, 2021. As of December 31, 2021, the Group had 120,962 subscribers, representing a 6.0% increase compared to December 31, 2020. The increase was mostly attributable to incremental progress in hospitals in the U.S. reducing restrictions on access and increasing enforcement of trusted interactions. As of December 31, 2021, we had 10,295 Registered LoCs, which represents a 4.2% decrease as compared to December 31, 2020.

OUTLOOK

The world continues to grapple with the complex, universal, and long-term effects COVID-19 is having on society. This includes but is not limited to, access to quality healthcare, supply chain disruption, high inflation, restricted business and leisure travel, labor force disruption, and the negative impact on individuals' mental health. We believe our technology is ideal to support this new reality and generate long-term shareholder value. The value of a trusted interaction in healthcare is increasing daily as individuals are forced, whether by travel restrictions or personal prudence, to look for alternatives to in-person care. Our value proposition is increasingly relevant given our ability to offer access to trusted, high quality care, regardless of geographic location, with a business model where all participants win. 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. We connect the supply and demand sides of care on a single, extensible, trusted, and end-to-end technology platform which is one of the most efficient and cost-effective solutions available in the market today.

Looking ahead, the Group will continue to expand its existing network of over 10,000 LoCs and 168,000 active users by prudently deploying capital to facilitate organic growth. We will use our attractive, extensible, open technology platform to extend our markets and capabilities. As the impact of COVID-19 lessens, we expect strong growth in all markets where we have a presence. Commercially we will focus on continued retention and acquisition of LoCs, as well as expanding the types of subscribers connected and interacting on our platform. With every new connection, the value of the platform grows exponentially. The result of the continuous development of our technology platform is a real-time, one-stop solution for trusted interactions between partners, patients, medical providers, and LoCs. We will also continue, in a prudent way, to seek out suitable investment opportunities to enhance the interests of the Company and create shareholder value.

IMPACT OF COVID-19

The COVID-19 pandemic and efforts to control its spread continue to curtail the movement of people, goods and services worldwide. The discovery and proliferation of new variants, such as Omicron, combined with the variability in protection offered by vaccination, is causing regulators to continue to be very cautious and conservative about relaxing COVID-19 restrictions. In some geographies, regulators are even increasing restrictions. Since the onset of the pandemic, the Group has delivered our service without interruption. We are committed to continuing to service our customers and protecting the safety of our employees.

The most direct impact of COVID-19 on our business during the reporting period has been in the labor market. We saw a reduction in participants in the labor market due to an exodus from the workforce, significant increases in salary expectations, and the proliferation of demands for remote work by candidates and employees. The various responses we put in place initially at the onset of the pandemic to mitigate the impact of COVID-19 on our business operations include telecommuting, work-from-home policies, restricted travel, employee support programs, and enhanced safety measures. Further, in the 6 months ended December 31, 2021, in an effort to combat workforce turnover, the Group implemented an employee reward and retention program, pursuant to which the Group issued Shares to each employee and new hire, enhanced training, and offered more robust benefits. We continue to enforce the safety measures in the workplace as recommended by the governing bodies in the regions we operate and will continue to monitor these changing requirements.

During the 6 months ended December 31, 2021, U.S. regulatory restrictions scaled back in certain states, but healthcare interactions at our LoCs have not returned to pre-pandemic levels. In the UK and Asian markets, there has been very little change in imposed restrictions due to the Omicron variant spread, and therefore there was limited commercial growth in these areas. In spite of these challenging times, the Group's subscriber trend experienced 10 months of consecutive growth through December 31, 2021. The COVID-19 pandemic has resulted in the highest levels of regulatory and policy enforcement across the global healthcare industry, further supporting the high value the Group provides all stakeholders.

Assets

Total assets of the Company decreased from US$101.8 million as at June 30, 2021 to US$74.9 million as at December 31, 2021. The decrease is driven by US$11.2 million that was used to repurchase Shares that are being held for future potential acquisitions, US$6.1 million related to the write-off of Unauthorised Disbursements, and US$2.4 million utilised in the execution of our Share buy-back program.

Liquidity

During the period, our current ratio declined from 1.6 at June 30, 2021 to 0.9 as of December 31, 2021. The decrease is a result of US$11.2 million used to repurchase Shares, US$6.1 million related to the write-off of Unauthorised Disbursements, US$2.4 million utilised in the execution of our Share buy-back program, and a US$2.2 million reduction in trade payables.

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 the Annual Report 2020/21 financial statements, on July 21, 2021, the Company announced the redemption of the final promissory note. As disclosed to the market, on July 21, 2021, the Company received the principal and the accrued interest related to the redemption of the final promissory note, which amounted to US$12.5 million. A gain of US$0.1 million was also recorded on the redemption. After such final redemption, there are no outstanding promissory note balances.

UNAUTHORISED DISBURSEMENT OF FUNDS

As announced to the market on July 12, 2021, July 22, 2021, and on January 24, 2022, the Company fell victim to a social engineering crime which targeted the Company's e-mail system. As a result, the amount of US$7.0 million was disbursed to bank accounts unassociated with the Company ("Unauthorised Disbursements"). Since the Unauthorised Disbursements, the Company has been proactively coordinating with law enforcement authorities and working with counsels in the relevant jurisdictions to seek recovery of the Unauthorised Disbursements. As a result of the efforts, the Company retrieved US$1.0 million of the Unauthorised Disbursements. Despite the continuing efforts, for the sake of prudence, the Company has decided to write-off the remaining, unretrieved amounts of the Unauthorised Disbursements and related retrieval expenses totaling US$6.1 million. Following extensive analysis conducted by third party experts, the Company confidently confirms no customer data was inappropriately obtained from the Unauthorised Disbursement.

FINANCIAL REVIEW

Results of Operations

This interim report is reporting results of operations for the 6-month period from July 1, 2021 to December 31, 2021 as compared to the 6-month period from July 1, 2020 to December 31, 2020.

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

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Revenue	**20,572**	19,031
Cost of revenue	**(2,633)**	(2,322)
Gross profit	**17,939**	16,709
Selling and marketing expenses	**(1,852)**	(2,556)
General and administrative expenses	**(10,648)**	(10,048)
R&D expenses	**(7,325)**	(7,343)
Other losses	**(10)**	(108)
Operating (loss)	**(1,896)**	(3,346)
Finance costs	**(787)**	(1,112)
Finance income	**56**	960
Other non-operating (expense)/income	**(6,325)**	39
Share of loss of a joint venture, net of tax	**(97)**	—
(Loss) before income tax	**(9,049)**	(3,459)
Income tax (expense)/benefit	**(105)**	2,066
(Loss) for the period	**(9,154)**	(1,393)
Non-IFRS Financial Measures		
Adjusted — Earnings before interest, taxes, depreciation, and amortisation	**3,700**	697

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

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)	$ Change US$'000	% Change
(Loss) for the period	**(9,154)**	(1,393)	(7,761)	557.1
Income tax (expense)/benefit	**(105)**	2,066	(2,171)	(105.1)
(Loss) before income tax	**(9,049)**	(3,459)	(5,590)	161.6
Interest income, net	**647**	(312)	959	(307.4)
(Loss) before interest and taxes	**(8,402)**	(3,771)	(4,631)	122.8
Depreciation	**2,275**	1,999	276	13.8
Amortisation	**3,321**	2,044	1,277	62.5
Other non-operating expense	**6,506**	425	6,081	1430.8
Adjusted EBITDA	**3,700**	697	3,003	430.8

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

Working Capital

Our working capital decreased to US$4.4 million as at December 31, 2021, from US$18.1 million as at June 30, 2021, primarily due to the US$6.1 million write-off of the unretrieved amounts of the Unauthorised Disbursements and the related retrieval expenses, US$2.4 million utilised in the execution of our Share buy-back program, and a US$2.2 million reduction in trade payables.

Current Ratio

The current ratio reduced to 0.9 as at December 31, 2021, from 1.6 as at June 30, 2021.

Gearing Ratio

The gearing ratio is a measure of financial leverage that demonstrates the degree which a firm's operations are funded by equity capital versus debt financing by calculating (i) total debts divided by (ii) total equity. The gearing ratio increased to 229.4% as at December 31, 2021, from 89.8% as at June 30, 2021. Such increase was primarily due to a reduction in outstanding equity of US$11.2 million used to repurchase Shares to be held in trust, and US$2.4 million in Shares repurchased and cancelled in conjunction with our Share buy-back program.

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. This includes 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, and bank borrowings. 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, and the cash generated from operating activities.

As at December 31, 2021, the cash and cash equivalents, net current assets, and total assets less current liabilities were US$21.5 million, US$(4.4) million, and US$43.2 million compared to US$31.3 million, US$18.1 million, and US$70.3 million as at June 30, 2021, respectively.

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 6 months ended December 31, 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:

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
USD	**19,692**	25,918
HKD	**4,894**	19,672
GBP	**411**	199
NTD	**189**	76
CAD	**19**	42
EUR	**4**	2
Total	**25,209**	45,909

FULL REDEMPTION OF OUTSTANDING PROMISSORY NOTES

During the reporting period, the Company redeemed its final promissory note on July 21, 2021, receiving US$12.5 million in principal and interest. A gain of US$0.1 million was also recorded on the redemption. After the final redemption, there are no outstanding promissory note balances at this time.

INDEBTEDNESS

Borrowings

Our total borrowing balance as at December 31, 2021, was US$30.0 million with variable interest rates per annum ranged between 1.68%–2.56% compared to US$31.5 million with variable interest rates per annum ranged between 1.69%–2.77% as at June 30, 2021. The Group made a US$1.5 million repayment towards the EnTie bank US$30.0 million long-term borrowing facility. As at December 31, 2021, there were no borrowings with fixed interest rates. The borrowings are secured by certain bank deposits and are in US$.

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
Borrowings		
— Current	**8,986**	5,982
— Non-current	**21,023**	25,491
Total	**30,009**	31,473

CONTINGENT LIABILITIES

As at December 31, 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, fraudulent inducement, promissory estoppel and age discrimination. Through the course of litigation, it has been determined only claims of breach of employment agreement and fraudulent inducement remain viable. As at the date of this interim 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. As of the date of this interim report, the latest development of the lawsuit is as follows:

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 took place on February 7, 2022 in Washington DC and the three-judge panel has not published it decision at this time.

Except as disclosed above, as at December 31, 2021, the Group did not have other material contingent liabilities.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the 6 months ended December 31, 2021.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards. During the 6 months ended December 31, 2021, the Company has applied the principles as set forth in the Corporate Governance Code (former Corporate Governance Code and Corporate Governance Report) (the "CG Code") as set out in Appendix 14 to the Listing Rules which are applicable to the Company. In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the CG Code during the 6 months ended December 31, 2021.

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

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general mandate from the Shareholders to enable the Company to repurchase its Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole. During the reporting period, the Company purchased 2,723,500 Shares on the Stock Exchange pursuant to the Share buy-back program at an average per Share price of US$0.88 totaling US$2.4 million. Such repurchased shares were subsequently cancelled. Save as otherwise disclosed in this report, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the 6 months ended December 31, 2021, there were no significant investments, acquisitions, or disposals.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As at December 31, 2021, there were no plans for material investments or capital assets outside the normal course of operations.

EVENTS AFTER THE REPORTING PERIOD

The Company has no events after the reporting period that need to be brought to the attention of the Shareholders.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Group for the 6 months ended December 31, 2021. It is the opinion of the Audit Committee that the preparation of such interim results had been prepared in accordance with the applicable accounting principles and standards and adequate disclosures have been made.

Directors' Report

The Directors submit their interim report together with the unaudited condensed consolidated interim financial statements for the 6 months ended December 31, 2021.

USE OF PROCEEDS FROM THE COMPANY'S GLOBAL OFFERING

The schedule below sets out, as of December 31, 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 December 31, 2021 (HK$ million)	Unutilised as of December 31, 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	59.84	174.76	Expected to be fully utilised by the end of December 2023
Repaying the principal amount of a bank facility in connection with the Reorganisation	117.70	117.70	—	N/A
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**	**222.19**	**174.76**	

Loans and expenses are in US$. Conversion to HK$ used the exchange rate of 7.79713.

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 December 31, 2021 (US$ million)	Unutilised as of December 31, 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	30.09	7.68	22.41	Expected to be fully utilised by the end of December 2023
Repaying the principal amount of a bank facility in connection with the Reorganisation	15.10	15.10	—	N/A
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	**50.91**	**28.50**	**22.41**	

Conversion from HK$ used the exchange rate of 7.79713.

RESULTS AND DIVIDEND

The results of the Group for the 6 months ended December 31, 2021 are set out in the section headed "Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss" of this interim report. The Board does not recommend the payment of an interim dividend for the 6 months ended December 31, 2021.

EMPLOYEE AND REMUNERATION POLICY

As of December 31, 2021, the Group had 141 employees (June 30, 2021: 141 employees). Total staff remuneration expenses including Directors' remuneration for the 6 months ended December 31, 2021, equals US$11.5 million (December 31, 2020: US$9.1 million). Remuneration is determined, in accordance with the prevailing industry practice, with reference to performance, skills, qualifications, and experience of the staff members. In addition to salary payments made by the Group, other staff benefits include social insurance and housing provident contributions, performance-based compensation, and discretionary bonus. Employee remuneration is reviewed annually to local market trends. The Group has also adopted the Pre-IPO Share Option Scheme, 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. On December 1, 2021, the Board approved and adopted the Employee Retention and Recognition Program, pursuant to which performance-based restricted shares awards would be granted to all employees.

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.

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

As of December 31, 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	62.88%
Mr. Sheehan[3]	Beneficiary of a trust Beneficial owner	40,000,000 5,366,869	8.80% 1.18%
Mr. Lin Kuo-Chang	Beneficial owner	680,000	0.15%
Mr. Wong Man Chung Francis	Beneficial owner	270,000	0.06%
Mr. Leo Hermacinski	Beneficial owner	95,573	0.02%
Mr. Hsieh Yu Tien	Beneficial owner	50,000	0.01%

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 December 31, 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 December 31, 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	62.88%
Michael Sheehan Irrevocable Trust[(3)]	Beneficial owner	40,000,000	8.80%

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 December 31, 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.

As of December 31, 2021, the Company had net granted share options under the Pre-IPO Share Option Scheme to two grantees for 5,040,000 Shares. As of December 31, 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 share options 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$ in thousands)
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 December 31, 2021	**5,040.0**	**0.875**	
Vested	2,016.0	0.875	198
Exercisable at of December 31, 2021	**2,016.0**	**0.875**	**198**

The total intrinsic value is the difference between the current market value of the stock and the exercise price of the option. As of December 31, 2021, the aggregate intrinsic value of vested share options was US$198 thousand.

Details of the interests of the Director and other employee 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	0.875	5,000.0
Sub-total:					**5,000.0**
Other Employee in Aggregate		February 18, 2019	5 years	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 Ended 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, 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.

On December 1, 2021, the Board approved and adopted the Employee Retention and Recognition Program, pursuant to which performance-based restricted shares awards would be granted to all employees.

RSA Schemes

	RSA Scheme			RSA Scheme for Core Connected Persons			Employee Retention and Recognition Program		
	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)	Number of share awards (in thousands)	Weighted average exercise price (US$ per Share)	Aggregate intrinsic value (US$ in thousands)
As at July 1, 2020	1,850.0	0.879	–	–	–	–	–	–	–
Share awards granted	6,506.4	0.756	–	366.9	–	–	–	–	–
Lapsed under scheme or program	(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	–	–	–	–	–	–
As at July 1, 2021	6,760.7	0.842	–	128.4	–	–	–	–	–
Share awards granted	1,150.0	1.023	–	–	–	–	1,994.5	0.920	–
Lapsed under scheme or program	(201.8)	0.822	–	–	–	–	–	–	–
Exercised	(513.2)	0.429	–	(128.4)	–	–	–	–	–
Expired	–	–	–	–	–	–	–	–	–
Cancelled	–	–	–	–	–	–	–	–	–
Balance as at December 31, 2021	7,195.7	0.904	–	–	–	–	1,994.5	0.920	–
Vested	1,615.7	0.879	146	–	–	–	–	–	–
Exercisable as at December 31, 2021	1,615.7	0.879	146	–	–	–	–	–	–

RSA Scheme

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					
Christopher Mulgrew	Chief financial officer	September 29, 2021	4 years	HKD6.850	1,000,000
		December 1, 2021	2 years		65,217
Michael McDonald	Chief operating officer	February 18, 2019	5 years	USD0.875	500,000
		March 3, 2021	3 years	HKD6.850	350,000
		December 1, 2021	2 years		51,846
Ambai Venkatesa	Chief software development officer	March 15, 2021	4 years	HKD6.850	700,000
		December 1, 2021	2 years		50,000
Simone Pringle	Chief product officer	February 18, 2019	5 years	HKD6.850	75,000
		December 1, 2021	2 years		20,217
Nicola Arcos	Managing Director for the United Kingdom and European region	February 18, 2019	5 years	USD0.875	67,500
		March 3, 2021	4 years	HKD6.850	782,500
		December 1, 2021	2 years		46,261
Subtotal:					**3,708,541**
Other Employees in Aggregate and Consultants of our Company		February 18, 2019	5 years	USD0.875	2,524,000
		December 9, 2019	4 years	USD0.875	846,680
		April 1, 2021	4 years	HKD6.850	200,000
		October 12, 2021	4 years	HKD6.850	75,000
		December 1, 2021	2 years		1,760,987
		December 13, 2021	4 years	HKD6.850	75,000
Total					**9,190,208**

As of December 31, 2021, the RSA Scheme had 101 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 or 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
Leo Hermacinski	Non-executive Director	November 5, 2021	100% on November 16, 2021	—	95,573
Total					**462,442**

Tranche	RSA Scheme		RSA Scheme for Core Connected Persons		ERR Program	
	Average exercise price (US$ per Share)	Vesting schedule (in thousands)	Average exercise price (US$ per Share)	Vesting schedule (in thousands)	Average exercise price (US$ per Share)	Vesting schedule (in thousands)
Financial Year Ended June 2020	0.875	633.3	—	—	—	—
Financial Year Ended June 2021	0.875	845.0	—	238.5	—	—
Financial Year Ending June 2022	0.886	1,669.8	—	224.0	0.920	581.7
Financial Year Ending June 2023	0.886	1,669.8	—	—	0.920	1,412.8
Financial Year Ending June 2024	0.886	1,669.8	—	—	—	—
Financial Year Ending June 2025	0.901	708.1	—	—	—	—
Total		**7,195.7**		**462.4**		**1,994.5**

As of December 31, 2021, the RSA Scheme for Core Connected Persons had two grantees and the ERR Program had 89 grantees.

APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed herein, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 has not been changed significantly from the information disclosed in the Company's Annual Report 2020/21.

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

Hong Kong, March 21, 2022

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 6 months ended December 31, 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 6 months ended December 31, 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 December 31, 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 B.2.2 (former code provision A.4.2) states 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/her 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. The Board of Directors 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, 2021 and up to the December 31, 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 code provision D.3 (former code provision 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 6 months ended December 31, 2021, the Audit Committee held three meetings. The members of the Audit Committee reviewed and discussed with the external auditors of the Company the unaudited interim results of the Group for the 6 months ended December 31, 2021. They were of the opinion that the preparation of such interim 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 6 months ended December 31, 2021, the Remuneration Committee held three 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 code provision B.3 (former code provision 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 6 months ended December 31, 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 6 months ended December 31, 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 6 months ended December 31, 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/her 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 A.2.1 (former 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.

ANNUAL GENERAL MEETING

The Company encourages its shareholders to attend the Company's AGM 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 was held on December 10, 2021. The notice of the AGM was 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).

Independent Auditors' Review Report

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

RESULTS OF REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying condensed consolidated statement of financial position of IntelliCentrics Global Holdings, Ltd. and its subsidiaries (the Company) as of December 31, 2021, the related condensed consolidated statements of profit or loss and other comprehensive income or loss, changes in equity, and cash flows for the six-month periods ended December 31, 2021 and 2020, and the related notes (collectively referred to as the condensed consolidated interim financial information).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in accordance with IAS 34, *Interim Financial Reporting (IAS 34)*, issued by the International Accounting Standards Board (IASB).

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity (ISRE 2410)*. A review of condensed consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed consolidated interim financial information is substantially less in scope than an audit conducted in accordance with GAAS and International Standards on Auditing (ISAs), the objective of which is an expression of an opinion regarding the financial information as a whole and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Condensed Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with IAS 34 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

REPORT ON CONDENSED CONSOLIDATED FINANCIAL POSITION AS OF JUNE 30, 2021

We have previously audited, in accordance with GAAS and ISAs, the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of profit or loss and other comprehensive income or loss, changes in equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 29, 2021. In our opinion, the accompanying condensed consolidated statement of financial position of the Company as of June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

Denver, Colorado
February 28, 2022

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

	Note	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Revenue	*7*	**20,572**	19,031
Cost of revenue		**(2,633)**	(2,322)
Gross profit		**17,939**	16,709
Selling and marketing expenses		**(1,852)**	(2,556)
General and administrative expenses		**(10,648)**	(10,048)
Research and development expenses		**(7,325)**	(7,343)
Other losses		**(10)**	(108)
Operating (losses)		**(1,896)**	(3,346)
Finance costs	*8*	**(787)**	(1,112)
Finance income	*9*	**56**	960
Other non-operating (expense)/income	*10*	**(6,325)**	39
Share of loss of a joint venture, net of tax	*17*	**(97)**	—
(Loss) before income tax		**(9,049)**	(3,459)
Income tax (expense)/benefit	*11*	**(105)**	2,066
(Loss) for the period		**(9,154)**	(1,393)
Other comprehensive income/(loss):			
Item that will not be subsequently reclassified to profit or loss:			
— Equity instruments at FVOCI — net change in fair value		**561**	(1,154)
Items that may be subsequently reclassified to profit or loss:			
— Debt instruments at FVOCI — net change in fair value		**—**	(119)
— Currency translation differences		**(388)**	719
Other comprehensive income/(loss) for the period, net of tax		**173**	(554)
Total comprehensive loss for the period		**(8,981)**	(1,947)

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

	Note	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
(Loss)/profit for the period			
Attributable to owners of the Company		**(9,120)**	(1,395)
Attributable to non-controlling interests		**(34)**	2
		(9,154)	(1,393)
Total comprehensive loss for the period			
Attributable to owners of the Company		**(8,947)**	(1,949)
Attributable to non-controlling interests		**(34)**	2
		(8,981)	(1,947)
(Loss)/earnings per Share attributable to owners of the Company for the period (expressed in US$ per Share)			
— Basic and diluted	*12*	**(0.020)**	(0.003)

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

Condensed Consolidated Statement of Financial Position

	Note	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	*14*	**6,735**	8,138
Goodwill and other intangible assets, net	*15*	**24,573**	25,703
Right-of-use assets, net	*16*	**4,881**	5,222
Deposits and prepayments		**156**	158
Interests in a joint venture	*17*	**30**	127
Restricted cash	*18*	**11,225**	12,919
		47,600	52,267
Current assets			
Financial assets at fair value through other comprehensive income	*19*	**1,161**	12,941
Deposits, prepayments and other receivables		**951**	2,978
Restricted cash	*18*	**3,750**	2,250
Cash		**21,459**	31,317
		27,321	49,486
Total assets		**74,921**	101,753
EQUITY			
Equity attributable to owners of the Company			
Share capital		**45**	46
Share premium		**74,518**	77,100
RSA scheme reserve		**(30,112)**	(19,924)
Other reserves		**(63,952)**	(63,919)
Retained earnings		**32,678**	41,801
		13,177	35,104
Non-controlling interests		**(95)**	(62)
Total equity		**13,082**	35,042

Condensed Consolidated Statement of Financial Position (Continued)

	Note	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*22*	**21,023**	25,491
Other liabilities		**3**	8
Deferred income tax liabilities	*11*	**2,247**	2,632
Lease liabilities	*16*	**6,833**	7,154
		30,106	35,285
Current liabilities			
Borrowings	*22*	**8,986**	5,982
Lease liabilities	*16*	**595**	411
Trade payables	*23*	**665**	2,696
Other payables and provisions	*24*	**2,165**	2,536
Amounts due to related parties	*26*	**28**	28
Contract liabilities	*7*	**19,438**	19,739
Current income tax liabilities		**(144)**	34
		31,733	31,426
Total liabilities		**61,839**	66,711
Total equity and liabilities		**74,921**	101,753

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

Condensed Consolidated Statement of Changes in Equity

	Note	Share capital US$'000	Share premium US$'000	RSA scheme reserve US$'000	Capital reserve US$'000	Share awards reserve US$'000	Fair value reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
As at July 1, 2020		46	76,929	(10,891)	(61,630)	505	(2,947)	(1,211)	44,685	45,486	28	45,514
Profit for the period		–	–	–	–	–	–	–	(1,395)	(1,395)	2	(1,393)
Other comprehensive income/ (loss)												
— Equity instruments at FVOCI — net change in fair value	26	–	–	–	–	–	(1,154)	–	–	(1,154)	–	(1,154)
— Debt instruments at FVOCI — net change in fair value	26	–	–	–	–	–	(119)	–	–	(119)	–	(119)
— Currency translation differences	26	–	–	–	–	–	–	719	–	719	–	719
Total comprehensive income/ (loss) for the period		–	–	–	–	–	(1,273)	719	(1,395)	(1,949)	2	(1,947)
Transactions with owners:												
Acquisition of RSA shares		–	–	(163)	–	–	–	–	–	(163)	–	(163)
Share-based payment		–	–	–	–	796	–	–	–	796	–	796
Total transactions with owners		–	–	(163)	–	796	–	–	–	633	–	633
As at December 31, 2020 (Unaudited)		46	76,929	(11,054)	(61,630)	1,301	(4,220)	(492)	43,290	44,170	30	44,200
As at July 1, 2021		46	77,100	(19,924)	(61,630)	1,905	(4,439)	245	41,801	35,104	(62)	35,042
Loss for the period		–	–	–	–	–	–	–	(9,120)	(9,120)	(34)	(9,154)
Other comprehensive income/ (loss)												
— Equity instruments at FVOCI — net change in fair value		–	–	–	–	–	561	–	–	561	–	561
— Currency translation differences		–	–	–	–	–	(1)	(385)	(3)	(389)	1	(388)
Total comprehensive income/ (loss) for the period		–	–	–	–	–	560	(385)	(9,123)	(8,948)	(33)	(8,981)
Transactions with owners:												
Acquisition of RSA shares	20	–	–	(11,249)	–	–	–	–	–	(11,249)	–	(11,249)
Shares Buyback	20	–	(2,428)	–	–	–	–	–	–	(2,429)	–	(2,429)
Share-based payment	21	–	–	–	–	536	–	–	–	536	–	536
Share options exercised	21	–	(154)	1,061	–	(744)	–	–	–	163	–	163
Total transactions with owners		(1)	(2,582)	(10,188)	–	(208)	–	–	–	(12,979)	–	(12,979)
As at December 31, 2021 (Unaudited)		45	74,518	(30,112)	(61,630)	1,697	(3,879)	(140)	32,678	13,177	(95)	13,082

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

Condensed Consolidated Statement of Cash Flows

	Note	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	*29*	**(3,725)**	654
Interest received	*9*	**1,153**	23
Interest paid	*8*	**(674)**	(621)
Income tax received	*11*	**193**	390
Income tax paid	*11*	**(94)**	—
Net cash flows generated from operating activities		**(3,147)**	446
Cash flows from investing activities			
Proceeds from release of restricted cash	*18*	**750**	—
Payment for restricted cash	*18*	**—**	(4,862)
Redemption of financial assets at fair value through other comprehensive income	*19, 27*	**11,300**	—
Purchase of property, plant and equipment	*14*	**(417)**	(3,818)
Payments related to intangible assets	*15*	**(2,500)**	(2,022)
Net cash flows generated from/(used in) investing activities		**9,133**	(10,702)
Cash flows from financing activities			
Repayments of borrowings	*22*	**(18,000)**	(21,500)
Proceeds from borrowings	*22*	**16,500**	31,500
Payment of borrowing transaction costs		**(79)**	(50)
Payment to Shares Buyback Trust account		**(556)**	—
Acquisition of RSA shares	*20*	**(11,249)**	(163)
Proceeds from share option exercises		**163**	—
Payments for Shares Buyback	*20*	**(2,428)**	—
Principal payments on lease liabilities		**(118)**	(290)
Net cash flows generated from financing activities		**(15,767)**	9,497
Net increase/(decrease) in cash and cash equivalents		**(9,781)**	(759)
Cash and cash equivalents at the beginning of the period		**31,317**	7,795
Effects on exchange rate changes on cash and cash equivalents		**(77)**	(827)
Cash and cash equivalents at the end of the period		**21,459**	6,209

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

Notes to the Condensed 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.

These unaudited condensed consolidated interim financial statements as at and for the 6 months ended December 31, 2021, and December 31, 2020, have been approved and signed by the Board of Directors on February 28, 2022.

2 BASIS OF PREPARATION

These interim financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with International Accounting Standard ("IAS") 34 Interim Financial Reporting issued by the International Accounting Standards Board (the "IASB").

The interim financial report of the Group for the 6 months ended December 31, 2021 has been prepared in accordance with the same accounting policies adopted in the annual financial statements as at and for the 12-month period ended June 30, 2021, except for the accounting policy changes that are expected to be reflected in the annual financial statements as at and for the financial year ending June 30, 2022.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

2 BASIS OF PREPARATION (Continued)

These interim financial statements should be read in conjunction with the Company's Annual Report 2020/21 issued on October 26, 2021. These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance since the Company's Annual Report 2020/21. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

The Group's auditor, KPMG LLP, performed a review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. KPMG's independent review report to the Board of Directors is included on pages 33 to 34.

Unless otherwise stated, the condensed consolidated interim financial statements and related footnotes are presented in the United States Dollar ("USD"), which is the functional and presentation currency of the Company.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Company's Annual Report 2020/21.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

4.1 New standards, interpretations, and amendments adopted from July 1, 2021

The summary of changes in significant accounting policies are listed in detail in the Company's Annual Report 2020/21.

In August 2020, the IASB issued IBOR Reform — Phase 2 (Reform), which addresses potential financial reporting issues that may arise when IBORs are either formed or replaced. The Reform is effective for reporting periods beginning after January 1, 2021. The Company's adoption of the Reform on July 1, 2021 is not expected to have an impact on the financial statements.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
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 condensed consolidated interim financial statements of the Group in future periods.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies are listed in detail in the Company's Annual Report 2020/21. During this interim reporting period, there were no significant changes in the Company's accounting policies.

6 SEGMENT INFORMATION

The chief operating decision-maker 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:

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Vendor and Medical Credentialing	**20,170**	18,661
Add-On Services	**402**	370
	20,572	19,031

Disaggregation of Revenue from Contracts with Customers

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Timing of revenue recognition		
— Over time	**20,377**	18,840
— At a point in time	**195**	191
	20,572	19,031

The Group's revenues are substantially generated in the U.S., with revenues attributed to the U.S. for the 6 months ended December 31, 2021 totaling US$20.1 million (US$18.7 million for the 6 months ended December 31, 2020).

Contract Liabilities

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

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
Contract liabilities	**19,438**	19,739

7 REVENUE (Continued)

Contract Liabilities (Continued)

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 condensed consolidated statement of financial position.

The amount of revenue recognised for the 6 months ended December 31, 2021 that was included in the contract liabilities balance at the beginning of the period was US$13.6 million compared to US$14.4 million for the 6 months ended December 31, 2020. All contract liabilities are amortised within one year.

Trade Accounts Receivable

As at December 31, 2021, and June 30, 2021, the Company did not have any trade accounts receivable.

Seasonality

The Company has no material impact due to seasonality.

8 FINANCE COSTS

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Interest expense on bank borrowings	**416**	397
Acquisition and handling charge on investing accounts	**5**	415
Bank charges on bank borrowings	**79**	49
Interest expense on lease liabilities	**287**	251
	787	1,112

9 FINANCE INCOME

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Interest income from promissory notes	22	919
Interest income from bank deposits	34	41
	56	960

10 OTHER NON-OPERATING (EXPENSE)/INCOME

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)
Government grant	—	39
Other	(6,325)	—
	(6,325)	39

Unauthorised Disbursement. During the 6 months ended December 31, 2021, the US$6.1 million loss from the Unauthorised Disbursement was recorded as recovery is not certain.

11 INCOME TAXES

Income tax expense

Statutory income tax expense is recognised at the statutory income tax rate of the reporting entity, adjusted for differences in statutory rates between reporting entity and local country, and the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

11 INCOME TAXES (Continued)

Income tax expense (Continued)

The Group's consolidated effective tax rate in respect of continuing operations was 1.2% tax expense for the 6 months ended December 31, 2021, compared to (59.7)% tax benefit for the 6 months ended December 31, 2020.

- The change is due to a significant increase in the book loss and a decrease in the book to tax adjustments from the prior period. This resulted in a tax expense in the current period and a tax benefit in the prior period.

- The decrease in the book to tax adjustments that resulted in taxable income is primarily due to the reduction in the benefit from R&D tax credits for the U.S. and the UK. In the prior period there were multiple years of amended federal returns where US$1.3 million in tax credits was recovered that offset taxable income versus the current period with an estimate of US$0.1 million to offset taxable income. There was an increase in the items not deductible for tax purposes that contributed to the tax expense in the current period.

12 (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.

	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)
The Group's (loss)/profit attributable to owners of the Company (US$ in thousands)	**(9,120)**	(1,395)
Weighted average number of shares in issue (in thousands)	**456,569**	457,112
Basic (loss)/earnings per Share (US$ per Share)	**(0.020)**	(0.003)

Diluted earnings per Share is calculated by adjusting the weighted average number of Shares in issue during the period (excluding the 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 6 months ended December 31, 2021 or the 6 months ended December 31, 2020, and accordingly the diluted (losses)/earnings per Share equals the basic (losses)/earnings per Share.

13 DIVIDENDS

No dividends have been paid or declared by the Company for the 6 months ended December 31, 2021, nor for the 6 months ended December 31, 2020.

14 PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment at December 31, 2021 is US$6.7 million compared to US$8.1 million at June 30, 2021.

As at December 31, 2021, the Group acquired property, plant and equipment with a cost of US$0.6 million (June 30, 2021: US$7.3 million), consisting of nil (June 30, 2021: US$3.5 million) in leasehold improvements, US$0.5 million (June 30, 2021: US$2.7 million) in subscriber equipment, and US$0.1 million (June 30, 2021: US$1.2 million) in other additions. There were no material disposals for either reported period.

Depreciation expense of US$2.0 million was charged to the income statement for the 6 months ended December 31, 2021 compared to US$1.4 million for the 6 months ended December 31, 2020. There were no material currency translation adjustments for either reported period.

Capital commitments

During the 6 months ended December 31, 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.

15 GOODWILL AND OTHER INTANGIBLES ASSETS

The net book value of goodwill and other intangible assets at December 31, 2021 is US$24.6 million compared to US$25.7 million as at June 30, 2021, a decrease of US$1.1 million for the 6 months ended December 31, 2021.

During the 6 months ended December 31, 2021, additions of US$2.5 million were recorded for the development of the Group's technology platform compared to US$6.5 million for the 6 months ended June 30, 2021.

Amortisation expense of US$3.3 million was charged to the income statement for the 6 months ended December 31, 2021 compared to US$2.0 million for the 6 months ended December 31, 2020. Currency translation adjustments decreased the net book value of goodwill and other intangible assets by a net change of US$0.3 million.

No impairment provision was required as at December 31, 2021.

16 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.

For the 6 months ended December 31, 2021, the Group recognised depreciation expense relating to leases of US$0.3 million compared to US$0.6 million for the 6 months ended December 31, 2020, and interest expense relating to leases of US$0.3 million compared to US$0.3 million for the 6 months ended December 31, 2020.

17 INTERESTS IN A JOINT VENTURE

In February 2019, the Group contributed US$0.3 million to a joint venture of the Group, Sciencare. Subsequently, in January 2021, the Group contributed an additional US$0.4 million. Sciencare was incorporated in the People's Republic of China (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 December 31, 2021, the joint venture was 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.

As at December 31, 2021, the Company's carrying amount in the joint venture has been reduced to US$30 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 6 months ended December 31, 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 December 31, 2021.

18 RESTRICTED CASH

As at December 31, 2021 and June 30, 2021, bank deposits of US$14.3 million and US$15.0 million, respectively, were restricted certificates of deposit held as security for certain banking borrowings of the Group as disclosed in Note 22. Other non-current restricted cash of US$0.7 million and US$0.2 million as at December 31, 2021 and June 30, 2021, respectively, was cash held by the RSA Scheme.

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

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The financial assets at FVOCI is comprised of the following:

	Fair value at December 31, 2021 US$'000 (Unaudited)	Fair value at June 30, 2021 US$'000 (Audited)
Investment in equity instruments	**1,161**	600
Investment in debt instruments	**—**	12,341
	1,161	12,941

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 December 31, 2021. The cost of the equity instruments was US$5.0 million. The fair value of the instruments as at December 31, 2021 and June 30, 2021 was US$1.2 million and US$0.6 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 December 31, 2021 and June 30, 2021, these promissory notes were stated at their fair value of nil and US$12.3 million, respectively, as determined by management. During the 6 months ended December 31, 2021, the Group redeemed all remaining promissory notes, and received all principal and expected interest of US$12.5 million.

Please refer to Notes 27 and 28 for further information on fair value measurement, significant judgements, risks, and uncertainties.

20 SHARE PURCHASE AND SHARE BUY-BACK

During the 6 months ended December 31, 2021, the Company repurchased 2,753,500 Shares on the Stock Exchange pursuant to the Share buy-back program at an average per Share price of US$0.88 totaling US$2.4 million. Such repurchased shares were subsequently cancelled. Save as otherwise disclosed in this report, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

21 SHARE-BASED PAYMENT

(a) Description of share-based payment arrangements

At December 31, 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 December 31, 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 December 31, 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 December 31, 2021	5,040,000		

21 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.

  In July 2021, the Company instructed the trustee of the RSA Schemes to acquire RSA Scheme Shares totaling 9,822,841 Shares at an average per Share price of US$1.15 in the amount of US$11.2 million.

  As at December 31, 2021, 7,195,680 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	642,500	5 years	6 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
On September 29, 2021	1,000,000	4 years	10 years
Non-management			
On February 18, 2019	2,524,000	5 years	6 years
On December 9, 2019	846,680	4 years	10 years
On April 1, 2021	200,000	4 years	8 years
On October 12, 2021	75,000	4 years	10 years
On December 13, 2021	75,000	4 years	10 years
Total number of instruments as at December 31, 2021	7,195,680		

21 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 December 31, 2021, 462,442 restricted shares have been granted and vested 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	238,465	6/30/2021	8 years
On January 18, 2021	128,404	10/1/2021	8 years
On November 5, 2021	95,573	11/16/2021	8 years
Total number of instruments as at December 31, 2021	462,442		

21 SHARE-BASED PAYMENT (Continued)

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

- **Employee Retention and Recognition (ERR) Program**
  On December 1, 2021, the Company's Board adopted the ERR Program ("ERR"), pursuant to which restricted shares awards would be granted to all employees worldwide in accordance with the rules governing the RSA Schemes. The value of each grant of restricted shares awards made under the ERR Program is up to 20% of the annual salary of the grantee, prorated based on hire date with vesting every three months through November 2023.

  As at December 31, 2021, 1,994,529 shares have been granted to members of the Company under the ERR Program as detailed below:

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Director of our Company			
On December 1, 2021	1,994,529	Quarterly — over 8 vesting periods beginning 2/28/2022 ending 11/30/2023	2 years
Total number of instruments as at December 31, 2021	1,994,529		

  As at December 31, 2021, Senior Management members of the Company have been granted 233,541 shares under the Employee Retention and Recognition (ERR) Program. The details are set out below:

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Senior Management of our Company			
Christopher Mulgrew	65,217	11/30/2023	2 years
Michael McDonald	51,846	11/30/2023	2 years
Ambai Venkatesa	50,000	11/30/2023	2 years
Simone Pringle	20,217	11/30/2023	2 years
Nicola Arcos	46,261	11/30/2023	2 years
Subtotal:	233,541		
Other Employees in Aggregate of our Company	1,760,988	11/30/2023	2 years
Total	1,994,529		

21 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, RSA Scheme for Core Connected Persons, and ERR Program.

	As at December 31, 2021	As at June 30, 2021	
	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$)	**0.600**	0.098	0.538
Weighted average share price at grant date (US$)	**1.023**	0.680	0.832
Weighted average exercise price (US$)	**0.880**	0.875	0.882
Expected volatility (%)	**74.55%**	30.40%	74.77%
Expected life of share options and share awards (years)	**4.00**	4.50	6.18
Expected dividend yield (%)	**N/A**	2.33%	—%
Risk–free interest rate (%)	**0.97%**	2.53%	0.97%

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

During the same reporting period, there were 95,573 Shares issued under the RSA Scheme for Core Connected Persons. The ERR Shares were issued on December 1, 2021, at US$0.92 per share.

21 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 6 months ended December 31, 2021 and 6 months ended December 31, 2020.

	Pre-IPO Share Option Scheme		RSA Scheme		RSA Scheme for Core Connected Persons		ERR	
	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)	Number of share awards	Weighted average exercise price (US$ per share)
As at July 1, 2020	8,508	0.875	1,850	0.879	–	–	–	–
Granted during the reporting period	–	–	–	–	–	–	–	–
Forfeited during the reporting period	–	–	–	–	–	–	–	–
Options and awards outstanding at December 31, 2020	**8,508**	**0.875**	**1,850**	**0.879**	**–**	**–**	**–**	**–**
Options and awards exercisable at December 31, 2020	1,702	0.875	250	0.879	–	–	–	–
As at July 1, 2021	5,040	0.875	6,761	0.842	128	–	–	–
Granted during the reporting period	–	–	1,150	1.023	–	–	1,995	0.920
Forfeited during the reporting period	–	–	(202)	0.822	–	–	–	–
Exercised during the reporting period	–	–	(513)	0.429	(128)	–	–	–
Cancelled during the reporting period	–	–	–	–	–	–	–	–
Options and awards outstanding at December 31, 2021	**5,040**	**0.875**	**7,196**	**0.904**	**–**	**–**	**1,995**	**0.920**
Options and awards exercisable at December 31, 2021	2,016	0.875	1,616	0.879	–	–	–	–

Note:

(1) The weighted average share price at the date of exercise for share awards exercised during the period was US$1.06.

21 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, the RSA Scheme for Core Connected Persons, and the ERR Program outstanding at December 31, 2021.

	Weighted Average Remaining Contractual Life Outstanding	
Scheme Name	As at December 31, 2021	As at June 30, 2021
Pre-IPO Share Option Scheme	3.16 years	3.67 years
RSA Scheme	7.32 years	7.82 years
RSA Scheme for Core Connected Persons	7.8 years	8.31 years
ERR Program	1.91 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 December 31, 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 6 months ended December 31, 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 December 31, 2021, the Company has recognised share-based payment expense of US$0.1 million for services performed by employees who are eligible for the share-based bonus.

(e) Expense recognised in profit or loss

The Group recognised total expenses of US$0.5 million related to equity-settled share-based payment transactions during the 6 months ended December 31, 2021, compared to US$0.8 million during the 6 months ended December 31, 2020.

22 BORROWINGS

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
Non-current bank borrowings	21,023	25,491
Current bank borrowings	8,986	5,982
	30,009	31,473

During the 6 months ended December 31, 2021, the Group made a US$1.5 million repayment towards the EnTie bank US$30.0 million long-term borrowing facility. The Group incurred US$79 thousand in bank charges on the bank borrowings.

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

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
Within 1 year	8,986	5,982
After 1 year but within 2 years	21,023	10,500
After 2 years but within 5 years	—	14,991
	30,009	31,473

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

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
6 months or less	30,009	31,473

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

	As at December 31, 2021	As at June 30, 2021
Interest rates	2.39%–4.37%	1.72%–3.61%

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

23 TRADE PAYABLES

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

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
Current	628	1,909
Past Due	37	787
	665	2,696

The Group considered that the carrying amounts of trade payables approximated to their respective fair values as at December 31, 2021 and June 30, 2021.

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

24 OTHER PAYABLES AND PROVISIONS

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
Salaries and bonuses payable	993	733
Professional service fee payable	587	596
Other tax payable	59	80
Others	517	1,127
	2,165	2,536

The Group considered that the carrying amounts of other payables and provisions approximated to their respective fair values as at December 31, 2021 and June 30, 2021.

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

25 CONTINGENT LIABILITIES

As at December 31, 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, fraudulent inducement, promissory estoppel and age discrimination. Through the course of litigation, it has been determined only claims of breach of employment agreement and fraudulent inducement remain viable. As at the date of this interim 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. As of the date of this interim results announcement, the latest development of the lawsuit is as follows:

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 took place on February 7, 2022 in Washington DC and the three-judge panel has not published it decision at this time.

c. In review of the status with our external counsel, the Group believes that there will be a positive outcome for the Group and no provision is recorded.

Except as disclosed above, as at December 31, 2021, the Group did not have other material contingent liabilities.

26 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 6 months ended December 31, 2021, and 6 months ended December 31, 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
Sophist Consulting	Controlled by Chief Product Officer
Leo Hermancinski (Consulting)	Controlled by a Board Member
Ocin Corp.	Ultimate holding company

Each of the related parties' transactions have been reviewed by operating and financial management. As they are 1.2% of the total spend of the Company, they are considered insignificant transactions.

The following transactions were carried out with related parties:

(a) Transactions with related parties

The aggregate value of transactions and outstanding balances related to related parties and entities over which they have control or significant influence were as follows:

	Transactions		Balances	
	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Unaudited)	**As at December 31, 2021 US$'000 (Unaudited)**	As at June 30, 2021 US$'000 (Audited)
Office rental expense[(1)]	**158**	150	**28**	26
Consulting services[(2)]	**84**	33	**—**	2
	242	183	**28**	28

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 Group also contracts accounting services from VTC and chief product officer services from Simone Pringle. Simone Pringle is the owner of Sophist Consulting.

27 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) of the Company's Annual Report 2020/21.

(a) Financial instruments by category

The following table shows the carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Note	**As at December 31, 2021 US$'000 (Unaudited)**	As at June 30, 2021 US$'000 (Audited)
Financial assets measure at fair value through other comprehensive income			
Investment in equity instruments	*19*	**1,161**	600
Investment in debt instruments	*19*	**—**	12,341
		1,161	12,941
Financial assets at amortised cost			
Deposits, prepayments and other receivables		**1,107**	3,136
Restricted cash	*18*	**14,975**	15,169
Cash and cash equivalents		**21,459**	31,317
		37,541	49,622
Financial liabilities at amortised cost			
Borrowings	*22*	**30,009**	31,473
Trade payables	*23*	**665**	2,696
Other payables and provisions	*24*	**2,165**	2,536
Amounts due to related parties	*26*	**28**	28
		32,867	36,733

27 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.

As at December 31, 2021 (Unaudited)

		Carrying amount		Fair value				
	Note	FVOCI — equity instruments US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Adjustment recorded in OCI US$'000
Financial assets								
Investment in equity instruments	*19*	**1,161**	**1,161**	**1,161**	**–**	**–**	**1,161**	**561**
		1,161	**1,161**	**1,161**	**–**	**–**	**1,161**	**561**

As at June 30, 2021 (Audited)

		Carrying amount			Fair value				
	Note	FVOCI — equity instruments US$'000	FVOCI — debt instruments US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Adjustment recorded in OCI US$'000
Financial assets									
Investment in equity instruments	*19*	600	–	600	600	–	–	600	(1,425)
Investment in debt instruments	*19*	–	12,341	12,341	–	12,341	–	12,341	(118)
		600	12,341	12,941	600	12,341	–	12,941	(1,543)

At December 31, 2021, the FVOCI debt instrument with a carrying amount of nil. The Company fully redeemed all remaining notes.

27 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.

As at December 31, 2021

	Note	**Carrying amount** US$'000 (Unaudited)	**Fair value Level 2** US$'000 (Unaudited)
Borrowings	*22*	30,009	19,663

As at June 30, 2021

	Note	Carrying amount US$'000 (Audited)	Fair value Level 2 US$'000 (Audited)
Borrowings	*22*	31,473	23,749

There were no transfers between the different levels during the current reporting period.

(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 condensed consolidated statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant inputs
Borrowings (Note 22)	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	Not applicable

28 FINANCIAL RISK MANAGEMENT

28.1 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 gain for the 6 months ended December 31, 2021 was US$6.0 thousand (December 31, 2020: nil) and was recognised in Other losses in the condensed consolidated statement of profit or loss and other comprehensive income or loss.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 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 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 22. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

As at December 31, 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$64.3 thousand higher/lower (June 30, 2021: US$150.1 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 19) are susceptible to market price risk arising from uncertainties about future values of the investment securities. The effect of a 94% increase as at December 31, 2021 (June 30, 2021: 70% increase) in the value of the equity instruments held at the reporting date would, all other variables held constant, have resulted in an increase in the fair value through other comprehensive income reserve and net assets of US$1.1 million (June 30, 2021: US$0.4 million). A 94% 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.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(b) Credit risk

The Group is exposed to credit risk primarily in relation 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'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.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 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.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(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.

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.

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

	Within 1 year US$'000	After 1 year but within 2 years US$'000	After 2 years but within 5 years US$'000	After 5 years US$'000	Remaining contractual maturities US$'000
As at December 31, 2021 (Unaudited)					
Trade payables	**665**	**–**	**–**	**–**	**665**
Other payables and provisions	**2,165**	**–**	**–**	**–**	**2,165**
Amounts due to related parties	**28**	**–**	**–**	**–**	**28**
Lease liability	**1,139**	**1,086**	**2,860**	**5,967**	**11,052**
Borrowings (including accrued interests)	**8,986**	**21,023**	**–**	**–**	**30,009**
	12,983	**22,109**	**2,860**	**5,967**	**43,919**
As at June 30, 2021 (Audited)					
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

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.

28 FINANCIAL RISK MANAGEMENT (Continued)

28.2 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 condensed consolidated statement of financial position.

	As at December 31, 2021 US$'000 (Unaudited)	As at June 30, 2021 US$'000 (Audited)
Borrowings	**30,009**	31,473
Total debt	**30,009**	31,473
Total equity	**13,082**	35,042
Gearing ratio	**229.4%**	89.8%

Our gearing ratio ((short-term borrowing + long-term borrowings)/equity) increased to 229.4% as at December 31, 2021, from 89.8% as at June 30, 2021. The increase is due to the reduction in equity resulting from the additional share purchases in the Company's RSA trusts. Refer to Note 22 for more details of the borrowings.

29 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended December 31, 2021 US$'000 (Unaudited)	6 months ended December 31, 2020 US$'000 (Audited)
(Loss)/profit before income tax	(9,049)	(3,459)
Adjustments for:		
Depreciation	2,275	1,999
Amortisation	3,321	1,995
Interest income	(56)	(960)
Interest expense	703	648
Income taxes	(105)	—
Other financing costs	83	—
Gain on redemption	(93)	—
Equity-settled share-based payment transactions	536	796
Share of loss of a joint venture	97	—
Changes in working capital:		
Deposits, prepayments and other receivables	2,068	334
Trade payables	(2,171)	(47)
Contract liabilities	(301)	(1,210)
Other payables and provisions	(1,033)	602
Amounts due to related parties	—	(44)
Cash generated from operations	(3,725)	654

29 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Reconciliation of liabilities arising from financing activities

	Liabilities from financing activities			
	Borrowings due within 1 year US$'000	Borrowings due after 1 year but within 2 years US$'000	Lease Liability US$'000	Total US$'000
As at July 1, 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 (Audited)	5,982	25,491	7,565	39,038
As at July 1, 2021	5,982	25,491	7,565	39,038
Cash flows	**(457)**	**(1,500)**	**(405)**	**(2,362)**
Non-cash amounts recognised in profit or loss	**3,461**	**(2,968)**	**287**	**780**
Foreign exchange movement	**—**	**—**	**(19)**	**(19)**
As at December 31, 2021 (Unaudited)	**8,986**	**21,023**	**7,428**	**37,437**

30 EVENTS AFTER THE REPORTING PERIOD

The Company has no events after the reporting period that need to be brought to the attention of the Shareholders.

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;
"Employee Retention and Recognition Program, or ERR"	the Restricted Share for Employee Retention and Recognition Program approved and adopted by the Company on December 1, 2021;
"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 the Company and one of our Controlling Shareholders;
"Mr. Sheehan"	Mr. Michael James Sheehan, the Chief Executive Officer and an executive Director of the Company;
"MSO"	Medical Staff Office;
"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;
"Reorganisation"	the reorganisation of the Group in preparation for the IPO, details of which are set out in "History, Reorganisation and Development — Our Reorganisation" of the Prospectus;
"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 awards(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 interim report, the terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.