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 RESULTS ANNOUNCEMENT FOR THE 6 MONTHS ENDED DECEMBER 31, 2020

FINANCIAL HIGHLIGHTS

- **Revenue.** Total revenue for the 6 months ended December 31, 2020 amounted to US$19.0 million, representing an increase compared to US$18.2 million for the 6 months ended December 31, 2019.
- **Net Loss/Profit.** Net loss for the 6 months ended December 31, 2020 amounted to US$1.4 million, representing a decrease compared to net profit of US$2.4 million for the 6 months ended December 31, 2019.
- **Basic Loss/Earnings per Share.** Basic loss per share attributable to owners of the Company for the 6 months ended December 31, 2020 amounted to US$0.003 (earnings for the 6 months ended December 31, 2019: US$0.005).
- **Dividend.** The Board does not recommend the payment of an interim dividend for the 6 months ended December 31, 2020.

The Board of Directors of IntelliCentrics Global Holdings Ltd. (the "Company") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the 6 months ended December 31, 2020, together with the comparative figures for the 6 months ended December 31, 2019, and June 30, 2020, as set out below.

SAFE HARBOUR DISCLAIMER

Forward-Looking Statements

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS

	Note	6 months ended December 31, 2020 US$'000 (Unaudited)	2019 US$'000
Revenue	*5*	**19,031**	18,159
Cost of revenue		**(2,322)**	(1,041)
Gross profit		**16,709**	17,118
Selling and marketing expenses		**(2,556)**	(3,023)
General and administrative expenses		**(10,048)**	(7,716)
Research and development expenses		**(7,343)**	(2,779)
Other losses, net		**(108)**	(295)
Operating (loss)/profit		**(3,346)**	3,305
Finance costs		**(1,112)**	(888)
Finance income		**960**	1,326
Other non-operating income		**39**	—
Share of loss of a joint venture, net of tax		**—**	(85)
(Loss)/profit before income tax		**(3,459)**	3,658
Income tax (benefit)/expense	*6*	**(2,066)**	1,305
(Loss)/profit for the period		**(1,393)**	2,353
Other comprehensive loss:			
Item that will not be subsequently reclassified to profit or loss:			
— Equity instruments at FVOCI — net change in fair value		**(1,154)**	19
Items that may be subsequently reclassified to profit or loss:			
— Debt instruments at FVOCI — net change in fair value		**(119)**	—
— Currency translation differences		**719**	(270)
Other comprehensive loss for the period, net of tax		**(554)**	(251)
Total comprehensive (loss)/income for the period		**(1,947)**	2,102

	Note	6 months ended December 31,	
		2020	2019
		US$'000	*US$'000*
		(Unaudited)	
(Loss)/profit for the period			
Attributable to owners of the Company		**(1,395)**	2,381
Attributable to non-controlling interests		**2**	(28)
		(1,393)	2,353
Total comprehensive (loss)/income for the period			
Attributable to owners of the Company		**(1,949)**	2,130
Attributable to non-controlling interests		**2**	(28)
		(1,947)	2,102
(Loss)/earnings per share attributable to owners of the Company for the period (expressed in US$ per share)			
— Basic and diluted	*7*	**(0.003)**	0.005

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at December 31, 2020 US$'000 (Unaudited)	As at June 30, 2020 US$'000
ASSETS			
Non-current assets			
Property, plant, and equipment, net		**9,157**	4,131
Goodwill and other intangible assets, net		**24,072**	22,545
Right-of-use assets, net		**5,602**	1,538
Deposits and prepayments		**172**	348
Restricted cash		**14,250**	163
		53,253	28,725
Current assets			
Financial assets at fair value through other comprehensive income		**47,571**	47,925
Deposits, prepayments, and other receivables		**2,379**	2,518
Restricted cash		**960**	10,185
Cash and cash equivalents		**6,209**	7,795
		57,119	68,423
Total assets		**110,372**	97,148
EQUITY			
Equity attributable to owners of the Company			
Share capital		**46**	46
Share premium		**76,929**	76,929
Other equity		**(11,054)**	(10,891)
Other reserves		**(65,041)**	(65,283)
Retained earnings		**43,290**	44,685
		44,170	45,486
Non-controlling interests		**30**	28
Total equity		**44,200**	45,514

	Note	As at December 31, 2020 US$'000 (Unaudited)	As at June 30, 2020 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**28,493**	—
Other liabilities		**10**	—
Deferred income tax liabilities		**1,874**	3,565
Lease liabilities		**7,148**	914
		37,525	4,479
Current liabilities			
Borrowings		**2,984**	21,500
Lease liabilities		**368**	692
Trade payables	*9*	**3,227**	2,258
Other payables and provisions		**3,991**	3,389
Amounts due to related parties		**—**	44
Contract liabilities	*5*	**18,049**	19,259
Current income tax liabilities		**28**	13
		28,647	47,155
Total liabilities		**66,172**	51,634
Total equity and liabilities		**110,372**	97,148

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. 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 ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The interim results announcement of the Group for the 6 months ended December 31, 2020 has been prepared in accordance with the same accounting policies adopted in the annual financial statements as at and for the 18-month period ended June 30, 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements as at and for the year ending June 30, 2021.

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.

These interim financial statements should be read in conjunction with the Company's Annual Report 2019/20 issued on October 28, 2020. 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 2019/20. 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.

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.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted all new standards, amendments, and interpretations in effect for fiscal years beginning on or after January 1, 2020.

		Effective for annual periods beginning on or after
Conceptual Framework for Financial Reporting	Amendment — Revised Conceptual Framework for Financial Reporting	January 1, 2020
IAS 1 and IAS 8	Amendment — definition of material	January 1, 2020
IFRS 3	Amendment — definition of a business	January 1, 2020

The Group assessed the adoption of the new standards, amendments, and interpretations and determined that they did not have a material impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies are listed in detail in the Company's Annual Report 2019/20.

4. 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.

5. 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,	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	
Vendor and Medical Credentialing	**18,661**	17,769
Add-On Services	**370**	390
	19,031	18,159

Disaggregation of Revenue from Contracts with Customers

	6 months ended December 31,	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	
Timing of revenue recognition		
— Over time	**18,840**	17,986
— At a point in time	**191**	173
	19,031	18,159

The Group's revenues are substantially generated in the USA, with revenues attributed to the USA for the 6 months ended December 31, 2020 totaling US$18.7 million (US$17.8 million for the 6 months ended December 31, 2019).

Contract Liabilities

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

	As at December 31, 2020	As at June 30, 2020
	US$'000	*US$'000*
	(Unaudited)	
Contract liabilities	**18,049**	19,259

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as of the end of each financial period. The portion to be recognised over the next 12 months will be classified as current liabilities in the condensed consolidated statement of financial position.

The amount of revenue recognised for the 6 months ended December 31, 2020 that was included in the contract liabilities balance at the beginning of the period was US$14.4 million compared to US$13.4 million for the 6 months ended December 31, 2019. All contract liabilities are amortised within one year.

Trade Accounts Receivable

As of December 31, 2020, and June 30, 2020, the Company did not have any trade accounts receivable.

Seasonality

The Company has no material impact due to seasonality.

6. INCOME TAXES

Income tax expense

Income tax expense is recognised at an amount determined by multiplying the profit/(loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for 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.

The Group's consolidated effective tax rate in respect of continuing operations for the 6 months ended December 31, 2020 was 59.7% tax benefit (6 months ended December 31, 2019: 35.7% tax expense). The change in effective income tax rate for the 6 months ended December 31, 2020 was primarily related to the following factors:

- During the first half of fiscal year 2021, an analysis of the US entities activities was prepared and determined that significant federal and state research and development tax credits were available. The total current and deferred income tax benefit recorded based on the research and development analysis was approximately US$1.5 million.

- In December 2020, the US congress passed a law which provides for full deductibility of ordinary and necessary business expenses that were paid with a forgiven or forgivable Paycheck Protection Plan loan. The Company reversed the uncertain tax position liability of approximately US$0.4 million.

7. (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,	
	2020	2019
	(Unaudited)	
The Group's (loss)/profit attributable to owners of the Company (US$'000)	**(1,395)**	2,381
Weighted average number of shares in issue ('000s)	**457,112**	457,112
Basic (losses)/earnings per share (US$ per share)	**(0.003)**	0.005

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period (excluding the ordinary shares purchased by the Company under the RSA Schemes) to assume conversion of all dilutive potential ordinary shares. The Group has no dilutive potential ordinary shares during the 6 months ended December 31, 2020 or the 6 months ended December 31, 2019, and accordingly the diluted (losses)/earnings per share equals the basic (losses)/earnings per share.

8. DIVIDENDS

No dividends have been paid or declared by the Company for the 6 months ended December 31, 2020, nor for the 6 months ended December 31, 2019.

9. 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, 2020	As at June 30, 2020
	US$'000	*US$'000*
	(Unaudited)	
Current	**1,716**	2,206
1–30 days	**1,511**	52
Total	**3,227**	2,258

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

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

10. EVENTS AFTER THE REPORTING PERIOD

Additional Investment in Sciencare

In January 2021, IntelliCentrics Zengine (Hong Kong) Company Limited, the Group's 67%-owned subsidiary, completed a capital transaction of US$0.4 million that increased its investment in its joint venture, Sciencare, to support the growth of the joint venture operations. The Group retains its 40% ownership in the joint venture entity. Sciencare previously signed an agreement with the city of Langfang and has started implementing the Group's trusted healthcare platform in the region. The Group will retain one of the three director positions on the board of the joint venture.

RSA Grants

On September 30, 2020, the Board approved a share compensation performance bonus for the fiscal year ended June 30, 2020 up to the total amount of US$1.1 million. The Company completed the grants for 1,272,694 shares on January 18, 2021 from the Non-Connected Persons and the Connected Persons RSA Schemes. The grants require an additional service period and will vest at 65% on June 30, 2021 and 35% on October 1, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

During the 6 months ended December 31, 2020, the majority of the Group's revenue was generated by our annual subscriptions for medical credentialing. BioBytes™, our new telecare solution that connects patient information to a trusted medical provider, is successfully adding new Locations of Care ("LoCs"), doctors, and patients under the contract approved in September 2020 with the city of Langfang, China, through our joint venture, Sciencare. Our business strategy continues to focus on providing extreme value to the LoCs that use our technology.

As of December 31, 2020, we had 10,747 Registered LoCs, which is a 4.3% decrease as compared to June 30, 2020. As of December 31, 2020, we had 114,109 total subscribers supporting the medical industry, a 6.0% decrease compared to June 30, 2020. The decrease was mostly attributable to the COVID-19 pandemic's temporary delay of non-life-threatening patient procedures at LoCs. As LoCs reopen to perform these critical procedures, we believe the associated medical professionals will renew their subscriptions.

During the 6 months ended December 31, 2020, our revenue grew to US$19.0 million compared to US$18.2 million for the 6 months ended December 31, 2019. During the same period, gross profit decreased to US$16.7 million from US$17.1 million, net loss was US$1.4 million compared to net profit of US$2.4 million for the 6 months ended December 31, 2019. The primary driver for the change in gross profit was US$1.3 million in eBadge technology depreciation.

The net loss was mainly attributable to a significant increase in amortisation and depreciation related to significant platform solution development capitalised in the prior fiscal year. Our non-capitalised research and development ("R&D") expenses increased by US$4.6 million to US$7.3 million compared to US$2.8 million for the 6 months ended December 31, 2019, with an increase in platform amortisation expense accounting for US$1.4 million of the variance. Total R&D expenditures, capital and non-capital, for the 6 months ended December 31, 2020, were US$8.1 million, representing an increase of US$2.1 million compared to December 31, 2019. During this period, capitalised and non-capitalised enhancements released to the market are the second generation GO! eBadge technology; Link; an upgraded compliance survey capability in SEC^{3}URE; BioBytes™, and the industry's first COVID-19 credential, along with 57 additional enhancements to the platform. Additionally, general and administrative expenses increased by US$2.3 million for regional leadership, finance, professional services, and depreciation; offset by tax benefits of US$2.1 million.

Outlook

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

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

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

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

Impact of COVID-19

Since the onset of the COVID-19 pandemic, the Group has delivered our service without interruption. However, mainly due to COVID-19 measures, the overall demand for healthcare has declined during the reporting period. This decline is mainly attributable to the COVID-19 pandemic resulting in unprecedented backlog of demand, as disease and chronic health issues remain constant. The main impact on the Group has been a softening of average number of subscribers during the reporting period, as subscribers tend to delay their purchase or renewal of our services until they are able to or have the need to enter the relevant LoCs under COVID-19 measures. As a result, our total number of subscribers has decreased 6% from June 30, 2020 to 114,109 as of December 31, 2020, and we expect this impact will likely continue until most healthcare organisations fully resume their normal operations. On the other hand, the COVID-19 pandemic has resulted in the highest levels of regulatory and policy enforcement across the industry, further supporting the high value the Group provides all stakeholders in a long run.

Assets

Total assets of the Company have increased from US$97.1 million at June 30, 2020 to US$110.4 million at December 31, 2020. We conducted an independent valuation on our promissory note FVOCI debt instruments which concluded with no material change to the value of the asset as of December 31, 2020. During the period, the FVOCI debt instruments, increased in total value by US$0.8 million. As of December 31, 2020, as an essential medical business our current analysis shows that goodwill, technology, and promissory notes have retained their book value.

Liquidity

During the period, our current ratio improved from 1.5 at June 2020 to 2.0 as of December 2020. Our subscribers pay their fees at the beginning of their annual term providing the Company with a cash inflow and therefore there is no credit risk for accounts receivable. The Group has proactively increased its liquidity through the following actions: 1) recapitalising our borrowings from short-term to a US$30.0 million long-term facility with the first payment due in December 2021; 2) renegotiating improved payment terms with key suppliers; 3) full review of expenses and making reductions where possible; 4) 23 furloughs; and 5) net reductions of 28 full-time staff. The agility of the platform business allows additional options for cost reductions if necessary.

As the future of the COVID-19 pandemic, 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.

Financial Review

Results of Operations

This interim results announcement is reporting results of operations for the 6-month period from July 1, 2020 to December 31, 2020 as compared to the 6-month period from July 1, 2019 to December 31, 2019.

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

	6 months ended December 31,	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	
Revenue	**19,031**	18,159
Cost of revenue	**(2,322)**	(1,041)
Gross profit	**16,709**	17,118
Selling and marketing expenses	**(2,556)**	(3,023)
General and administrative expenses	**(10,048)**	(7,716)
R&D expenses	**(7,343)**	(2,779)
Other losses, net	**(108)**	(295)
Operating (loss)/profit	**(3,346)**	3,305
Finance costs	**(1,112)**	(888)
Finance income	**960**	1,326
Other non-operating income	**39**	—
Share of loss of a joint venture, net of tax	**—**	(85)
(Loss)/profit before income tax	**(3,459)**	3,658
Income tax (benefit)/expense	**(2,066)**	1,305
(Loss)/profit for the period	**(1,393)**	2,353
Non-IFRS Financial Measures		
Adjusted — Earnings before interest, taxes, depreciation, and amortisation	**697**	4,153

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

	6 months ended December 31, 2020	2019	$ Change	% Change
	US$'000	*US$'000*	*US$'000*	
		(Unaudited)		
(Loss)/profit for the period	(1,393)	2,353	(3,746)	(159.2)
Income tax (benefit)/expense	(2,066)	1,305	(3,371)	(258.3)
(Loss)/profit before income tax	(3,459)	3,658	(7,117)	(194.6)
Interest income, net	(312)	(713)	401	(56.2)
(Loss)/earnings before interest and taxes	(3,771)	2,945	(6,716)	(228.0)
Depreciation	1,999	255	1,744	683.9
Amortisation	2,044	678	1,366	201.5
Other non-operating expense	425	275	150	54.5
Adjusted EBITDA	697	4,153	(3,456)	(83.2)

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

Current Ratio

The current ratio increased to 2.0 as of December 31, 2020, from 1.5 as of June 30, 2020, due to the recapitalisation of our EnTie debt from short-term borrowings to a long-term US$30.0 million borrowing facility with US$1.5 million due in December 2021.

Working Capital

Our working capital increased significantly to US$28.5 million as of December 31, 2020, from US$21.3 million as of June 30, 2020, due to the recapitalisation of our EnTie debt from short-term borrowings to a US$30.0 million long-term borrowing facility with US$1.5 million due in December, 2021.

Gearing Ratio

The increase in the gearing ratio (calculated by dividing (i) total debts by (ii) total equity) to 71.2% as of December 31, 2020, from 47.2% as of June 30, 2020, is due to the recapitalisation of our EnTie debt from short-term borrowings to a US$30.0 million long-term borrowing facility with US$1.5 million due in December 2021.

Liquidity and Financial Resources

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

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

As of December 31, 2020, the cash and cash equivalents, net current assets, and total assets less current liabilities were US$6.2 million (US$7.8 million as of June 30, 2020); US$28.5 million (US$21.3 million as of June 30, 2020); and US$81.7 million (US$50.0 million as of June 30, 2020), 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, 2020, the Company did not issue any financial instruments for hedging purposes. As we monitor the growth of the Company in association with the local revenue and expenses, the management will consider hedging significant foreign currency exposure should the need arise.

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

	As at December 31, 2020 *US$'000* **(Unaudited)**	As at June 30, 2020 *US$'000*
US$	**64,224**	62,367
NTD	**363**	21
GBP	**243**	267
CAD	**14**	28
HKD	**9**	1,193
EUR	**8**	4
Total	**64,861**	63,880

Investment in Promissory Notes and Advances to Entities

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

On March 27, 2019, the Group invested in two promissory notes with an aggregate principal amount of US$55.0 million issued by private enterprises, by utilising the gross proceeds raised from the IPO that are not immediately in use for the use of proceeds purposes set forth in the Prospectus. In May 2019, the Group redeemed a portion of these promissory notes at par of US$28.0 million and utilised the proceeds to invest in another two promissory notes issued by private enterprises. As at the relevant time, each purchase of the promissory notes by the Company which constituted an advance to the relevant entity under Rule 13.13 of the Listing Rules exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

As of December 31, 2020, the outstanding balance of the promissory notes invested by the Group in 2019 amounted to US$46.7 million, inclusive of interest receivable of US$3.4 million. This asset comprises 81.8% of total current assets and 42.3% of total assets. Under IFRS, this is considered a significant concentration of the Group's assets.

The US$43.4 million principal value is diversified into four holdings: Keystone Group Ltd with the principal amount of US$10.3 million, Everglory Strategic Investment Limited with the principal amount of US$10.8 million, Durable Energy Limited with the principal amount of US$11.3 million, and Ariana

Capital Investments Limited with the principal amount of US$11.0 million. All promissory notes were purchased at par value with interest at a fixed rate of 4.5% per annum. See the announcement of the Company dated May 19, 2020 for further details of the promissory notes.

Indebtedness

Borrowings

During the reporting period the Company's subsidiary paid off borrowings of US$25.0 million. During December 2020, new long-term borrowings of US$30 million were negotiated with one of our two lending banks, EnTie Commercial Bank. The interest rate on the borrowings ranged between 2.31%–3.61% and carries a three year term, with the subsidiary's first payment due in December 2021. Additional details of the borrowings are found in the footnotes of the financial statements.

Our borrowing balance as of December 31, 2020, was US$31.5 million with variable interest rates per annum ranged between 2.04%–3.61% (June 30, 2020, was US$21.5 million with variable interest rates per annum ranged between 3.02%–6.84%). As of December 31, 2020, there were no borrowings with fixed interest rates. The borrowings are secured by certain bank deposits and are in US$.

	As at December 31, 2020 *US$'000* **(Unaudited)**	As at June 30, 2020 *US$'000*
Borrowings		
— Current	**2,984**	21,500
— Non-current	**28,493**	—
Total	**31,477**	21,500

Contingent Liabilities

As of December 31, 2020, the Company had the following contingent liabilities:

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

On June 1, 2020, Repifi Vendor Logistics, Inc. filed a patent infringement lawsuit against IntelliCentrics, Inc. and the Company in the Eastern District of Texas. The lawsuit alleges that IntelliCentrics, Inc.'s visitor access and credentialing systems marketed as SEC^{3}URE Go! infringe on

U.S. Patent No. 10,304,268. Based on a preliminary review of the patent information and status with our external counsel, the Group does not infringe the patent. The Group believes that there will be a positive outcome for the Group and no provision is recorded.

Except as disclosed above, as of December 31, 2020, 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, 2020.

Corporate Governance Practice

The Board is committed to maintaining high corporate governance standards. During the period from the 6 months ended December 31, 2020, the Company has applied the principles as set forth in the CG Code contained in Appendix 14 to the Listing Rules which are applicable to the Company. In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the CG Code during the 6 months ended December 31, 2020.

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

Save for the Shares as may be purchased by the trustee from time to time pursuant to the Restricted Share Award Scheme, during the 6 months ended December 31, 2020, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities.

Significant Investments, Acquisitions and Disposals

During the 6 months ended December 31, 2020, there were no significant investments, acquisitions, or disposals.

Future Plans for Material Investment or Capital Assets

As of December 31, 2020, there were no future plans for material investments or capital assets.

Events After the Reporting Period

Additional Investment in Sciencare

In January 2021, IntelliCentrics Zengine (Hong Kong) Company Limited, the Group's 67%-owned subsidiary, completed a capital transaction of US$0.4 million that increased its investment in its joint venture, Sciencare, to support the growth of the joint venture operations. The Group retains its 40% ownership in the joint venture entity. Sciencare previously signed an agreement with the city of Langfang and has started implementing the Group's trusted healthcare platform in the region. The Group will retain one of the three director positions on the board of the joint venture.

RSA Grants

On September 30, 2020, the Board approved a share compensation performance bonus for the fiscal year ended June 30, 2020 up to the total amount of US$1.1 million. The Company completed the grants for 1,272,694 shares on January 18, 2021 from the Non-Connected Persons and the Connected Persons RSA Schemes. The grants require an additional service period and will vest at 65% on June 30, 2021 and 35% on October 1, 2021.

Restatement

The Company has restated certain balances for the period ended December 31, 2019. The corrections are primarily related to certain out-of-period adjustments, the cumulative effects of which increased total equity by US$4.1 million. More details will be set out in the interim report of the Company for the 6 months ended December 31, 2020.

Review of Interim Results

The Audit Committee has reviewed the unaudited interim results of the Group for the 6 months ended December 31, 2020. 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.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.intellicentrics-global.com. The interim report of the Company for the 6 months ended December 31, 2020, will be published on the aforesaid websites and dispatched to Shareholders and employees in due course.

DEFINITIONS

"Board" or "Board of Directors"	the board of Directors of the Company;
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"Company" or "IntelliCentrics"	IntelliCentrics Global Holdings Ltd. (中智全球控股有限公司), which is an exempted company with limited liability incorporated in the Cayman Islands on June 3, 2016 and the Shares of which are listed on the Main Board of the Stock Exchange on March 27, 2019;
"Director(s)"	director(s) of the Company;
"EBITDA"	Non-IFRS measure of earnings before interest, taxes, depreciation, and amortisation;

"FVOCI'	fair value through other comprehensive income;
"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;
"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;
"PRC"	People's Republic of China;
"Registered LoCs"	LoC that has registered on our platform and has not cancelled its registration;
"RSA Scheme"	the Restricted Share Award Scheme approved and adopted by the Company on April 26, 2019;
"Sciencare"	Beijing Sciencare Technology Co., Ltd. (北京仁正醫德科技有限公司), a company incorporated in the PRC with limited liability;
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.0001 each;
"Shareholder(s)"	holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"US$"	U.S. dollars, the lawful currency of the United States of America;
"U.S.", "USA" or "United States"	the United States of America;
"%"	Percent.

In this announcement, the terms "associate", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, February 26, 2021

As at the date of this announcement, the executive Directors are Mr. LIN Tzung-Liang and Mr. Michael James SHEEHAN; the non-executive Directors are Mr. LIN Kuo-Chang and Mr. Leo HERMACINSKI; and the independent non-executive Directors are Mr. HSIEH Yu Tien, Ms. HUANG Yi-Fen and Mr. WONG Man Chung Francis.