
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-41401

Prenetics Global Limited

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

Unit 701-706, K11 Atelier King's Road

728 King's Road, Quarry Bay

Hong Kong

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
Class A ordinary shares, par value \$0.0001 per share	PRE	The Nasdaq Stock Market LLC
Warrants	PRENW	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

As of December 31, 2022, there were 136,983,110 ordinary shares issued and outstanding, par value \$0.0001 per share, being the sum of 127,269,246 Class A ordinary shares, 9,713,864 Class B ordinary shares, and 17,352,393 warrants.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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CONVENTIONS AND FREQUENTLY USED TERMS

In this annual report, unless otherwise indicated or unless the context otherwise requires:

“Acquisition Merger” means the merger between Prenetics Merger Sub and Prenetics, with Prenetics being the surviving entity and becoming our wholly owned subsidiary;

“ACT Genomics” means ACT Genomics Holdings Company Limited;

“ACT Acquisition” means the acquisition of 74.39% of the equity interest in ACT Genomics;

“ACT Sale and Purchase Agreements” means the Agreements for Sale and Purchase dated December 16, 2022 and January 3, 2023, respectively, by and among the Company, ACT Genomics, and certain other persons specified thereunder;

“Amended Forward Purchase Agreements” means (i) the Forward Purchase Agreement entered into as of March 1, 2021 with Aspex Master Fund; and (ii) the Forward Purchase Agreement entered into as of March 1, 2021 with Pacific Alliance Asia Opportunity Fund L.P., as amended by the Deeds of Novation and Amendment;

“Artisan” means Artisan Acquisition Corp., an exempted company limited by shares incorporated under the laws of the Cayman Islands;

“Artisan Articles” means Artisan’s amended and restated memorandum and articles of association adopted by special resolution dated May 13, 2021;

“Artisan Directors” means William Keller, Mitch Garber, Fan Yu, Sean O’Neill;

“Artisan Merger Sub” means AAC Merger Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands and our direct wholly owned subsidiary;

“Artisan Private Warrants” means the warrants sold to the Sponsor in the private placement consummated concurrently with the IPO, each entitling its holder to purchase one Artisan Public Share at an exercise price of \$11.50 per share, subject to adjustment;

“Artisan Public Share” means a Class A ordinary share, par value \$0.0001 per share, of Artisan;

“Artisan Public Warrants” means the redeemable warrants issued in the IPO, each entitling its holder to purchase one Artisan Public Share at an exercise price of \$11.50 per share, subject to adjustment;

“Artisan Shares” means the Artisan Public Shares and Founder Shares;

“Artisan Warrants” means the Artisan Public Warrants and the Artisan Private Warrants;

“Business Combination” means the Initial Merger, the Acquisition Merger and the other transactions contemplated by the Business Combination Agreement;

“Business Combination Agreement” means the business combination agreement, dated September 15, 2021 (as amended by an Amendment to Business Combination Agreement dated as of March 30, 2022 and as may be further amended, supplemented, or otherwise modified from time to time), by and among the Company, Artisan, Artisan Merger Sub, Prenetics Merger Sub and Prenetics;

“Cayman Islands Companies Act” means the Companies Act (As Revised) of the Cayman Islands;

“China” or “PRC,” in each case, means the People’s Republic of China, including Hong Kong and Macau and excluding, solely for the purpose of this annual report, Taiwan. The term “Chinese” has a correlative meaning for the purpose of this annual report;

“Class A Exchange Ratio” means a ratio equal to 1.29;

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“Class A Ordinary Share” means a Class A ordinary share, par value \$0.0001 per share, of the Company;

“Class B Ordinary Share” means a convertible Class B ordinary share, par value \$0.0001 per share, of the Company;

“Class B Recapitalization” means, (i) the conversion of 9,133,558 Founder Shares held by Sponsor into 5,374,851 Artisan Public Shares, (ii) the conversion of an aggregate of 100,000 Founder Shares held by the Artisan independent directors into 77,519 Artisan Public Shares, and (iii) the surrender and forfeiture by Sponsor of 1,316,892 Private Placement Warrants, in each case of (i), (ii) and (iii) pursuant to and subject to the terms and conditions of the Sponsor Agreement immediately prior to the Initial Merger, and (iv) the conversion of all the Founder Shares held by the Forward Purchase Investors on a one-for-one basis pursuant to and subject to the terms and conditions of the Deeds of Amendment to the Deeds of Novation and Amendment immediately prior to the Initial Closing;

“Closing” means the closing of the Acquisition Merger;

“Closing Date” means May 18, 2022, the date of the Closing;

“Continental” means Continental Stock Transfer & Trust Company;

“Deeds of Novation and Amendment” means (i) the Deed of Novation and Amendment entered into by Artisan, Sponsor, the Company and Aspex Master Fund, dated as of September 15, 2021 (pursuant to such amendment, Aspex Master Fund committed to subscribe for and purchase 3,000,000 Class A Ordinary Shares and 750,000 Warrants for an aggregate purchase price equal to \$30 million); and (ii) the Deed of Novation and Amendment entered into by Artisan, Sponsor, the Company and Pacific Alliance Asia Opportunity Fund L.P., dated as of September 15, 2021 (pursuant to such amendment, Pacific Alliance Asia Opportunity Fund L.P. committed to subscribe for and purchase 3,000,000 Class A Ordinary Shares and 750,000 Warrants for an aggregate purchase price equal to \$30 million);

“Dissenting Artisan Shares” means Artisan Shares that are (i) issued and outstanding immediately prior to the Initial Merger Effective Time and (ii) held by Artisan shareholders who have validly exercised their Dissent Rights (and not waived, withdrawn, lost or failed to perfect such rights);

“ESOP” means the 2021 Share Incentive Plan of Prenetics adopted on June 16, 2021, as may be amended from time to time;

“Exchange Ratio” means a ratio equal to 2.033097981;

“Existing Warrant Agreement” means the warrant agreement, dated May 13, 2021, by and between Artisan and Continental;

“Extraordinary General Meeting” means an extraordinary general meeting of shareholders of Artisan held at 10:00 AM Eastern Time, on May 9, 2022 at Appleby (Cayman) Ltd., 71 Fort Street, George Town, Grand Cayman KY1-1104, Cayman Islands and virtually over the Internet via live audio webcast at [https:// www.cstproxy.com/artisanacquisition/2022](https://www.cstproxy.com/artisanacquisition/2022);

“Forward Purchase Investors” means Aspex Master Fund and Pacific Alliance Asia Opportunity Fund L.P.;

“Founder Share” means a Class B ordinary share, par value \$0.0001 per share, of Artisan;

“Initial Closing” means the closing of the Initial Merger;

“Initial Merger” means the merger between Artisan and Artisan Merger Sub, with Artisan Merger Sub being the surviving entity and remaining as our wholly owned subsidiary;

“IPO” means Artisan’s initial public offering, which was consummated on May 18, 2021;

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“mainland China” means the People’s Republic of China, excluding, solely for the purpose of this annual report, Hong Kong, Macau and Taiwan. The term “mainland Chinese” has a correlative meaning for the purpose of this annual report;

“Management Shareholder Support Agreement Amendment Deed” means that certain Deed of Amendment entered into on March 30, 2022 by and among Prenetics, Artisan, the Company, Danny Yeung and Dr. Lawrence Tzang which amends the Prenetics Shareholder Support Agreement dated as of September 15, 2021 by and among Prenetics, Artisan, the Company, Danny Yeung and Dr. Lawrence Tzang;

“NASDAQ” means the Nasdaq Stock Market;

“Prenetics” means Prenetics Holding Company Limited, formerly known as Prenetics Group Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands;

“Prenetics Group” means Prenetics Holding Company Limited, together as a group with its subsidiaries, including its operating subsidiaries;

“Prenetics HK” means Prenetics Limited, a limited liability company incorporated in Hong Kong;

“Prenetics Merger Sub” means PGL Merger Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands and a direct wholly owned subsidiary of the Company;

“SEC” means the U.S. Securities and Exchange Commission;

“securities” refer to our Class A Ordinary Shares and Warrants;

“shares” or “ordinary shares” refer to our Class A Ordinary Shares and Class B Ordinary Shares;

“Sponsor” means Artisan LLC, a limited liability company registered under the laws of the Cayman Islands;

“Sponsor Agreement” means that certain Sponsor Forfeiture and Conversion Agreement entered into on March 30, 2022 by and among Prenetics, Artisan, the Company, Sponsor and the independent directors of Artisan;

“Sponsor Support Agreement Amendment Deed” means that certain Deed of Amendment entered into on March 30, 2022 by and among Prenetics, Artisan, the Company, Sponsor and the directors of Artisan which amends the Sponsor Support Agreement;

“Units” means the units issued in the IPO, each consisting of one Artisan Public Share and one-third of one Artisan Public Warrant;

“U.S. Dollars,” “US\$,” “USD” and “\$” means United States dollars, the legal currency of the United States;

“Warrants” means warrants of the Company, each entitling its holder to purchase 1.29 Class A Ordinary Share at an exercise price of \$8.91 per 1.29 shares, subject to adjustment pursuant to the terms of the Assignment, Assumption and Amendment Agreement and the Existing Warrant Agreement.

“we,” “us,” “our,” “the Company” and “our company” refer to Prenetics Global Limited and its subsidiaries and consolidated affiliated entities. References to “Prenetics” refers to Prenetics Holding Company Limited.

References to “U.S. Dollars,” “USD,” “US\$” and “\$” in this annual report are to United States dollars, the legal currency of the United States. Discrepancies in any table between totals and sums of the amounts listed are due to rounding. Certain amounts and percentages have been rounded; consequently, certain figures may add up to be more or less than the total amount and certain percentages may add up to be more or less than 100% due to rounding. In particular and without limitation, amounts expressed in millions contained in this annual report have been rounded to a single decimal place for the convenience of readers.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results of operations or financial condition and therefore are, or may be deemed to be, “forward-looking statements.” These forward-looking statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believe,” “estimate,” “anticipate,” “expect,” “seek,” “project,” “intend,” “plan,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, future market conditions or economic performance and developments in the capital and credit markets and expected future financial performance, the markets in which we operate, as well as the possible or assumed future results of operations of our Company. Such forward-looking statements are based on available current market material and management’s expectations, beliefs and forecasts concerning future events impacting us. Factors that may impact such forward-looking statements include:

- The regulatory environment and changes in laws, regulations or policies in the jurisdictions in which we operate;
- Our ability to successfully compete in highly competitive industries and markets;
- Our ability to continue to adjust our offerings to meet market demand, attract customers to choose our products and services and grow our ecosystem;
- Political instability in the jurisdictions in which we operate;
- The overall economic environment and general market and economic conditions in the jurisdictions in which we operate;
- Our ability to execute our strategies, manage growth and maintain our corporate culture as we grow;
- Our anticipated investments in new products, services, collaboration arrangements, technologies and strategic acquisitions, and the effect of these investments on our results of operations;
- Our ability to develop and protect intellectual property;
- Changes in the need for capital and the availability of financing and capital to fund these needs;
- Anticipated technology trends and developments and our ability to address those trends and developments with our products and services;
- The safety, affordability, convenience and breadth of our products and services;
- Man-made or natural disasters, health epidemics, and other outbreaks including war, acts of international or domestic terrorism, civil disturbances, occurrences of catastrophic events and acts of God such as floods, earthquakes, wildfires, typhoons and other adverse weather and natural conditions that may directly or indirectly affect our business or assets;
- The loss of key personnel and the inability to replace such personnel on a timely basis or on acceptable terms;
- Exchange rate fluctuations;
- Changes in interest rates or rates of inflation;
- Legal, regulatory and other proceedings;

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- Our ability to maintain the listing of our securities on NASDAQ;
- The results of any future financing efforts; and
- Our ability to integrate our business successfully with ACT Genomics and realize the anticipated synergies and related benefits, or to do so within the anticipated timeframe.

The forward-looking statements contained in this annual report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under “Item 3. Key Information — D. Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. In light of these risks and uncertainties, you should keep in mind that any event described in a forward-looking statement made in this annual report or elsewhere might not occur.

PART I.

ITEM 1.IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2.OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3.KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

An investment in our Class A Ordinary Shares and Warrants involves significant risks. Below is a summary of certain material risks we face. These risks are more fully described under “Item 3. Key Information — D. Risk Factors.” You should carefully consider such risks before making an investment decision. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks.

Risks Relating to Our Business and Industry

- We are a relatively early-stage company and have a limited operating history, and our near-term business strategy and in-house R&D efforts are centered around new and rapidly developing markets including diagnostics and precision oncology, which may make us difficult to evaluate our current business and predict our future performance.
- A significant portion of our historical revenue was generated from our COVID-19 testing services, the demand for which has been substantially reduced with the changes in government policy with respect to stay-at-home and compulsory testing orders, and our failure to derive significant revenue from other products and services and expand our overall customer base would harm our business and results of operation.
- Our near-term success is highly dependent on the continued commercialization of CircleDNA, ColoClear, ACTOnco and other products in our target geographies. If our existing or new services or product offerings are unable to attain market acceptance or be successfully commercialized in all or any of these jurisdictions, our business and future prospects could be materially and adversely affected.
- The diagnostic testing market is highly competitive, and many of our competitors are larger, better established and have greater financial and other resources.
- The consumer genetic testing market is highly competitive, and many of our competitors are more established and have stronger marketing capabilities and greater financial resources, which presents a continuous threat to the success of our consumer genetic testing business.

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- The precision oncology market is highly competitive, and many of our competitors are more established and have stronger marketing capabilities and greater financial resources, which presents a continuous threat to the success of our precision oncology business.
- We may enter new business areas and expand our operations in areas such as clinical genetic testing, and precision oncology, where we have limited experience. We would likely face competition from entities more familiar with those businesses, and our efforts may not succeed.

Risks Relating to Acquisitions

- We have engaged in and may continue to engage in acquisitions, investments or strategic alliances in the future, which could require significant management attention and resources, may not achieve their intended results and could adversely affect our business, financial condition and results of operations.
- We face additional risks as a result of the ACT Acquisition and may be unable to integrate our businesses successfully and realize the anticipated synergies and related benefits of the ACT Acquisition or do so within the anticipated timeframe.
- Our acquisition may not be accretive, and may be dilutive, to our earnings per share, which may negatively affect the market price of our ordinary shares.

Risks Relating to Government Regulation

- Our business collects and processes a large amount of data including personal information, and we will face legal, reputational, and financial risks if we fail to protect our customers' data from security breaches or cyberattacks. We are also subject to various laws and regulations relating to privacy or the protection or transfer of data relating to individuals, and any change in such laws and regulations or any failure by us to comply with such laws and regulations could adversely affect our business.
- Our products and services are and will continue to be subject to extensive regulation, compliance of which could be costly and time-consuming or may cause unanticipated delays or prevent the receipt of the required approvals to offer our products and services.
- Our testing products are subject to various regulatory guidelines, and any identified deficiencies or quality issues in the components of the test kits and testing devices could result in product recalls and could harm our reputation, business and financial results.

Risks Relating to Our Securities

- The trading prices of our Class A Ordinary Shares and Warrants may be volatile and a market for our Class A Ordinary Shares and Warrants may not develop, which would adversely affect the liquidity and price of our Class A Ordinary Shares.
- If securities or industry analysts do not publish research, publish inaccurate or unfavorable research or cease publishing research about us, our share price and trading volume could decline significantly.
- Sales of a substantial number of our securities in the public market could cause the price of our Class A Ordinary Shares and Warrants to fall.

Risks Relating to Our Business and Industry

A significant portion of our historical revenue was generated from our COVID-19 testing services, the demand for which has been substantially reduced with the changes in government policy with respect to stay-at-home and compulsory testing orders, and our failure to derive significant revenue from other products and services and expand our overall customer base would harm our business and results of operation.

We generated a total revenue of approximately \$275.8 million for the year ended December 31, 2022, out of which \$260 million was generated from our Diagnostics segment, which primarily comprises of COVID-19 testing services under Project Screen. However, the demand for COVID-19 testing services has already been substantially reduced with the production and widely administered use of efficacious vaccines and other therapeutic treatment for COVID-19, as well as changes in mandatory testing requirements. Therefore, our ability to execute our growth strategies and achieve and maintain profitability will depend upon not only the continued market needs of our COVID-19 testing services but also our success in deriving significant revenue from other products and services.

If we are unable to launch new products successfully and expand our overall customer base, our business and results of operations will be materially and adversely affected.

The diagnostic testing market is highly competitive, and many of our competitors are larger, better established and have greater financial and other resources.

The diagnostic testing market is highly competitive and we face and expect ongoing substantial competition from different sources, including from diagnostic test manufacturers and producers. We believe that our ability to compete in the diagnostic testing market depends upon a variety of factors such as our ability to acquire technology, product quality, accuracy of testing, timeliness of testing results, convenience and ease of use, underlying technology, price, customer and user experience, and certain additional factors that are beyond our control, including: (i) ability to acquire, develop and commercialize products and meet consumer demand; (ii) support from evidence of clinical performance; (iii) ability to obtain and maintain required regulatory approvals; (iv) level of patent protection; (v) ability to achieve economies of scale by lowering production cost; (vi) pricing level; (vii) access to adequate capital; and (viii) ability to attract and retain qualified personnel.

We also anticipate facing competition from companies that have or are developing cancer diagnostic tests, including screening and early detection tests, treatment selection and optimization, and recurrence monitoring tests, and other sources such as academic institutions, public and private research institutions and governmental agencies. Competitors with cancer diagnostic tests include Myraid Genetics, Inc., Grail, LLC, Qiagen N.V., Illumina, Inc, Foundation Medicine, Inc., and Personalis, Inc. Many of our current and potential competitors are significantly larger, and have substantially greater financial, scientific, manufacturing and other resources, which may allow these competitors to respond more quickly to emerging technologies, obtain regulatory approvals for their products faster, and develop and commercialize competitive products with greater functionality or at lower cost than us, resulting in these competitors establishing a stronger market position than we are able to. If we are unable to compete effectively, our commercial opportunity may be lost or significantly reduced and we may fail to meet our strategic objectives, and our business, financial condition and operating results could be harmed.

The consumer genetic testing market is highly competitive, and many of our competitors are more established and have stronger marketing capabilities and greater financial resources, which presents a continuous threat to the success of our consumer genetic testing business.

In addition to diagnostic testing, we also operate a consumer genetic testing business primarily through our CircleDNA product line. Consumer genetic testing is a rapidly growing market, and the number of companies with products and technologies similar to CircleDNA continues to increase.

We anticipate facing competition. Our ability to compete depends upon a number of factors both within and beyond our control, including, among others, the following: (i) the quality and reliability of our and others' products; (ii) accessibility of results; (iii) turnaround time of testing results; (iv) price; (v) convenience and ease of use; (vi) selling and marketing efforts; (vii) additional value-added services and health informatics tools; (viii) customer service and support efforts; (ix) adaptability to evolving regulatory landscape; (x) the ability to execute strategies to protect data privacy and build customer trust; and (xi) our brand recognition relative to our competitors.

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We also face competition from other companies attempting to enter the genetic testing market and capitalize on similar opportunities. Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and market penetration, substantially greater financial, technological, marketing and other resources than we do. These factors may allow them to be able to respond more quickly to changes in customer requirements and emerging technologies, devote greater resources to the research, development, marketing and sales of their products, and adopt more aggressive pricing policies than we do. As a result, our competitors may develop products or services that are similar to or that achieve greater market acceptance than our offerings, and we may not be able to compete effectively against these organizations.

If we fail to compete successfully against our current and future competitors, we may be unable to increase sales revenue and market share, improve our results of operations, or achieve profitability.

The precision oncology market is highly competitive, and many of our competitors are more established and have stronger marketing capabilities and greater financial resources, which presents a continuous threat to the success of our precision oncology business.

We have ventured into the precision oncology market through our acquisition of ACT Genomics, and we intend to further pursue strategic mergers and acquisitions to build our product pipeline in early testing and detection of cancer. Precision oncology is a rapidly growing market, and the number of companies with products and technologies in early detection, diagnostics and monitoring for cancer continues to increase. Thus, we anticipate facing competition.

Our ability to compete depends upon a number of factors both within and beyond our control, including, among others, the following: (i) the ability to continue developing cancer screening tools, especially a broader product portfolio; (ii) cost-effectiveness of marketing efforts to market our products across Asia and EMEA; (iii) commercialization of infrastructure and distribution networks for the promotion and sale of our products; (iv) brand recognition in Asia and EMEA; (v) academic, talent and funding base that supports the iteration of products and large-scale clinical research; (vi) receipt of regulatory approvals and timing thereof for our products; and (vii) the ability to carry out mergers and acquisitions in the precision oncology market, thereby bringing in cutting-edge technologies, resources and opportunities.

Our near-term success is highly dependent on the continued commercialization of CircleDNA, ColoClear, ACTOnco and other products in our target geographies. If our existing or new products are unable to attain market acceptance or be successfully commercialized in all or any of these jurisdictions, our business and future prospects could be materially and adversely affected.

Our near-term success is dependent on the continued commercialization of CircleDNA, our in-house developed consumer genetic testing product, ColoClear, an at-home colorectal cancer screening test, and ACTOnco, a comprehensive cancer panel used to guide treatment selection for all major solid tumors.

The commercial success of CircleDNA, ColoClear, ACTOnco and our other products in our target geographies will depend on many factors, some of which are outside of our control, including the following: (i) the timely receipt of regulatory approvals and marketing authorizations from the regulatory authorities in jurisdictions to which we plan to expand our business operations; (ii) acceptance by healthcare systems and providers, governments and regulatory authorities, key opinion leaders, consumers and the overall medical community of the convenience, accuracy, sufficiency and other benefits offered by our products; (iii) perceptions by the public and members of the medical community as to the perceived advantages, relative cost, relative convenience and relative accuracy of our test kits compared to those of our competitors; (iv) the effectiveness of our marketing and sales efforts, including our ability to have a sufficient number of talented sales representatives to sell our testing services; and (v) our ability to achieve and maintain compliance with all regulatory requirements applicable to our products in various jurisdictions, including manufacture, labeling, advertising, promotion and post-market surveillance requirements.

Although we are not required to obtain regulatory approval in Hong Kong, our test kits may not receive regulatory approvals or market authorizations in other jurisdictions to which we plan to expand our business operations due to the complexity of domestic regulatory regimes in other jurisdictions, or even if we do receive the regulatory approvals, our test kit may not receive broad market acceptance among customers, physicians, users and others in the medical community.

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If our products are not successfully commercialized as expected, we may not be able to generate sufficient revenue to become profitable, and failure to gain broad market acceptance could also have a material adverse effect on the broader commercial success of our future testing products, and on our business, operations results and financial condition.

In addition, the diagnostic testing market is characterized by rapid technological developments, and even if we were to gain widespread market acceptance temporarily, our testing services may be rendered uncompetitive or obsolete if we are unable to match any new technological advances in this market. If we are unable to match technological improvements in competitive products or effectively respond to the needs of our customers and users, the demand for our testing services could be reduced and our revenue could be adversely affected.

We have pipeline products that are currently in the R&D phase, and may not be successful in our efforts to develop any of these or other products into marketable products. Any failure to develop these or other products or any delay in the development could adversely affect our business and future prospects.

We have pipeline products that are currently in the R&D stage. For certain of our pipeline products, before obtaining approvals from regulatory authorities for the marketing and sales of these pipeline products in certain jurisdictions, we must complete certain registration processes with the local regulatory authorities.

Our failure to successfully complete the registration process or clinical studies could result in additional costs to us, delay the commercialization of our pipeline products and negatively impact our ability to generate revenue. If we do not receive regulatory approvals for our pipeline products, or otherwise fail to develop these products or there is any delay in the development, our business prospects will be materially and adversely affected.

In addition, even if we successfully develop and obtain regulatory approval for our pipeline products, our future success is dependent on our ability to then successfully commercialize new products. There is no assurance that we will be able to obtain adequate manufacturing supply, build a commercial organization, and commence marketing efforts before we generate any significant revenue from the sales of new commercial products, if ever.

If we are not successful in leveraging our platform and technology to discover, develop and commercialize additional products, our ability to expand our business and achieve our strategic objectives would be impaired.

We believe that our platform and technology are empowered to launch different products to be used in various settings and to target other critical areas of healthcare. Therefore, one of our key growth strategies is to capitalize on the flexibility of our platform and technology and develop other products.

Developing new testing products requires substantial technical, financial and human resources, whether or not any testing products are ultimately developed or commercialized, which may divert management's attention away from our current businesses. We may pursue what we believe to be a promising opportunity to leverage our platform only to discover that certain of our resource allocation decisions were incorrect or insufficient, or that certain testing products or our platform in general has risks that were previously unknown or underappreciated. In the event material decisions with respect to our strategy turn out to be incorrect or sub-optimal, we may experience a material adverse impact on our business and ability to fund our operations and capitalize on what we believe to be potential. The success of developing any new products will depend on several factors, some of which are outside of our control, including our ability to: (i) properly identify and anticipate physician and patient needs; (ii) assemble sufficient resources to discover additional testing products; (iii) develop and introduce new products or enhancements in a timely manner; (iv) demonstrate, if required by regulatory authorities, the accuracy and usability of new testing products and enhancements with data from clinical trials; (v) obtain the necessary regulatory clearances or approvals for expanded indications, new testing products or enhancements; (vi) be fully compliant with regulations on marketing of new devices or modified products; (vii) produce new testing products in a cost-effective manner; and (viii) provide adequate training to potential users of our new testing products that contain enhanced features.

If we fail to develop or improve our products and services for additional applications or features, we may not be able to compete effectively with the research and development programs of our competitors, and such failure to develop or inability to compete could harm our business.

If our products and services do not deliver reliable results as expected, our reputation, business and operating results will be adversely affected.

The success of our products and services depends on the market's confidence that we can provide reliable test kits that enable high-quality diagnostic testing with high accuracy, sensitivity and specificity and with short turnaround times. There is no guarantee that the accuracy and reproducibility we have demonstrated to date will continue as our product deliveries increase and our product portfolio expands.

Our products and services use a number of complex and sophisticated biochemical and bioinformatics processes, many of which are highly sensitive to external factors, including human error. An operational, technological, user or other failure in one of these complex processes or fluctuations in external variables may result in sensitivity or specificity rates that are lower than we anticipate or result in longer than expected turnaround times.

As a result, the test performance and commercial attractiveness of our products may be adversely affected, and our reputation may be harmed. If our products do not perform, or are perceived to not have performed, as expected or favorably in comparison to competitive products, our operating results, reputation, and business will suffer, and we may also be subject to legal claims arising from product limitations, errors, or inaccuracies.

Furthermore, there is no guarantee that customers will always use these products properly in the manner in which they are intended. Any intentional or unintentional misuse of these products by customers could lead to substantial civil and criminal monetary and non-monetary penalties, and could result in significant legal and investigatory fees.

We have incurred net losses since our inception, and we anticipate that we will continue to incur losses for the foreseeable future, which could harm our future business prospects.

We have incurred substantial losses since our inception. For the years ended December 31, 2021 and 2022, our net losses were \$174.0 million and \$190.5 million, respectively even though most of the expenses associated with those losses were non-recurring and non-cash in nature. We have financed our operations principally from the issuances of ordinary shares, preferred shares and convertible securities to third-party investors, and have received over \$220 million in funding to date. We may continue to incur losses both in the near term and longer term as we continue to devote a significant portion of our resources to scale up our business and operations, including continuing to build out our corporate infrastructure, increasing our manufacturing capabilities, engaging in continued research and development of key testing technologies as we work to expand our portfolio of available test services, and other related business activities, and as we incur additional costs associated with operating as a public company.

We only started to realize revenue for our Diagnostics segment from our COVID-19 testing services since April 2020. Since then, we have incurred significant expenses in connection with scaling up our operations, including costs associated with scaling up operations, sales and marketing expenses, and costs associated with the hiring of new employees, the continued growth of our business and development of our corporate infrastructure. While our revenue has increased over time, given the numerous risks and uncertainties associated with our research, development, manufacturing and commercialization efforts, we expect to continue to incur significant losses as we develop and invest in our business, and we are unable to predict when we will become profitable on a sustained basis or at all. Our ability to achieve or sustain profitability is based on numerous factors, many of which are beyond our control, including, among other factors, market acceptance of our products, the length of the COVID-19 pandemic, the vaccination effectiveness and vaccination rates, future product development, our market penetration and margins and our ability to commercialize the pipeline products. Losses have historically had an adverse effect on our working capital, total assets and shareholders' equity, and expected future losses may continue to have an adverse effect on our working capital, shareholders' equity, and the price of the Class A Ordinary Shares and the Warrants. Our failure to achieve and sustain profitability in the future would negatively affect our business, financial condition, results of operations and cash flows, and could cause the market price of the Class A Ordinary Shares and the Warrants to decline.

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We are a relatively early-stage company and have a limited operating history, and our near-term business strategy and in-house R&D efforts are centered around new and rapidly developing markets including diagnostics and precision oncology, which may make it difficult to evaluate our current business and predict our future performance.

We began operations in 2014 and commercially launched our first consumer genetic testing kits under CircleDNA globally in November 2019 and our COVID-19 testing services under Project Screen in April 2020, respectively. In 2022, we launched ColoClear, an at-home colorectal cancer screening test. In December 2022, we acquired ACT Genomics to further our ambitions in precision oncology. Accordingly, we are a relatively early-stage company with a limited operating history upon which you can evaluate our business and prospects. Our limited operating history may make it difficult to evaluate our current business and predict our future performance, prospects or viability. Any assessment of our prospects is subject to significant uncertainty and must be considered in light of the risks and difficulties frequently encountered by companies in their early stage of development, particularly those in new and rapidly evolving markets like us. These risks include, among others, an evolving and unpredictable business model and the management of growth. To address these risks, we must, among other things: (i) increase our customer base; (ii) continue to implement and successfully execute our business and marketing strategy; (iii) identify, acquire and successfully integrate assets or technologies in areas that are complementary to our business strategy; (iv) integrate our business with ACT Genomics' business successfully and realize the anticipated synergies and related benefits within the anticipated timeframe; (v) successfully enter into other strategic collaborations or relationships; (vi) obtain access to capital on acceptable terms and effectively utilize that capital; (vii) identify, attract, hire, retain, motivate and successfully integrate additional employees; (viii) continue to expand, automate and upgrade our laboratory, technology and data systems; (ix) provide rapid test turnaround times with accurate and clear results at low prices; (x) provide superior customer service; and (xi) respond to competitive developments.

If we are unable to address these risks successfully, our revenue, results of operations and business could be materially and adversely affected.

In addition, our focus on new and rapidly developing markets could also make it difficult to achieve our strategic goals and could harm our future business prospects. We have encountered, and will continue to encounter, risks and difficulties frequently experienced in rapidly evolving industries, some of which are outside of our control, including those related to: (i) our ability to compete with companies that are currently in, or may in the future enter, precision oncology, including companies with greater financial, technical and other resources than us; (ii) our ability to continuously invest in R&D and innovation to ensure utilization of the advanced technologies to enhance the sensitivity and accuracy of the tests; (iii) our ability to scale manufacturing to quantities sufficient to meet consumer demand in a timely manner; (iv) our ability to control costs, particularly manufacturing expenses; (v) our ability to achieve or maintain a retail price satisfactory to consumers; (vi) unanticipated delays in test kit development or test kit launches; (vii) positive or negative media coverage of our products or competing products; and (viii) general economic and political conditions.

Our future success is substantially dependent on the manner in which the market for precision oncology develops and grows. If the market develops in a manner that does not facilitate demand for early detection of cancer and treatment optimization, our business, financial condition, results of operations and cash flows may be adversely affected.

We have a limited history introducing new products and services to our customers. The future prospects of our business may be harmed if our efforts to attract new customers and engage existing customers by introducing new products are unsuccessful.

Our success depends on our ability to continuously attract new customers and engage existing customers. If we are unable to introduce new and enhanced products and services, or if we introduce new products or services that are not favorably received by the market, we may not be able to attract or retain customers.

Our marketing efforts currently include various initiatives and consist primarily of digital marketing on a variety of social media channels, such as YouTube, Instagram, LinkedIn, Facebook, search engine optimization on websites, such as Google and Facebook Ads, various branding strategies, and email. During the fiscal year ended December 31, 2022, we spent \$13.3 million on sales and distribution, representing 5% of our revenue, respectively.

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We anticipate that sales and distribution expenses will continue to represent a significant percentage of our overall operating costs for the foreseeable future.

We have historically acquired a significant number of customers through digital advertising on platforms and websites owned by Google and Facebook, which may terminate their agreements with us at any time. Our investments in sales and marketing may not effectively reach potential customers and potential customers may decide not to buy our products or services, any of which could adversely affect our financial results.

If we are unable to attract new customers or engage existing customers either by introducing new products and services or through marketing efforts, our revenue and operating results may grow slower than expected or decline.

We may not be able to achieve or maintain satisfactory pricing and margins, and our pricing strategies may not meet customers' price expectations, which could adversely affect our revenues and results of operations.

Our pricing strategies have had, and may continue to have, a significant impact on our revenue. Manufacturers of diagnostic tests have a history of price competition, and we may not be able to achieve or maintain satisfactory prices for our testing services. The pricing of our testing services could be impacted by several factors, including pressure to improve margins as a result of competitive or customer pricing pressure. If we are forced to lower the price of our testing services, our gross margins will decrease, which could harm our ability to invest in and grow our business, and could harm our financial condition and results of operations and our future prospects.

We offer or may in the future offer discounted prices as a means of attracting customers. Such offers and discounts, however, may reduce our revenue and margins. In addition, our competitors' pricing and marketing strategies are beyond our control and can significantly affect the results of our pricing strategies. If our pricing strategies fail to meet our customers' price expectations or fail to result in derived margins, or if we are unable to compete effectively with our competitors if they engage in aggressive pricing strategies or other competitive activities, our business could be adversely affected.

We may experience difficulties in managing our growth. If we are unable to effectively and efficiently manage the growth of our business, our future revenue and operating results may be harmed.

We have experienced growth in our business operations and corporate infrastructure since our inception. From our inception through the date of this annual report, the number of our employees increased from 11 to approximately 400. Our future growth could strain our organizational, administrative and operational infrastructure, including laboratory operations, quality control, operational performance, finance, customer service, marketing sales, and management.

We may need to increase our headcount and to hire, train and manage additional specialized personnel to facilitate our growth, including qualified scientists, laboratory personnel, customer service specialists, and sales and marketing force, and we may have difficulties locating, recruiting, training and retaining such specialized personnel. Rapid expansion in personnel could mean that less experienced people develop, market and sell our products, which could result in inefficiencies, reduced quality, unanticipated costs and disruptions to our operations. From time to time, we may need to optimize our costs and to restructure our operations in accordance with changes to our business strategy and market demands. Since December 2022, we have proactively restructured our operations with a focus on streamlining resources and reducing cost, including executing a global workforce reduction of approximately 60%, resulting in annual headcount reduction costs of approximately US\$10 million. If we are unsuccessful in hiring, training, managing and integrating employees and they perform poorly as a result, our business may be harmed.

Our ability to manage our growth effectively will require continued improvement of our operational, financial and management controls, as well as our reporting systems and procedures. Any failure of our controls or interruption of our general process management could have a negative impact on our business and financial operations. We may not be able to maintain our expected turnaround times for our testing services or otherwise satisfy customer demands as we grow, and future business growth could also make it difficult for us to maintain our corporate culture. In addition, our suppliers and contract manufacturers may not be able to allocate sufficient capacity in order to meet our requirements, which could adversely affect our business, financial condition and results of operations.

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Given our very short history of operating a business at commercial scale and our rapid growth since our inception, we cannot assure you that we will be able to successfully manage the expansion of our operations or recruit and train additional qualified personnel in an effective manner. If we are unable to manage our growth effectively, it may be difficult for us to execute our business strategy and our business and operations could be adversely affected.

Some of our marketing initiatives, including celebrity and key opinion leader endorsement and use of social media, may adversely affect our reputation.

We partner with celebrity brand ambassadors and key opinion leaders and launch various marketing campaigns on social media as part of our marketing initiatives. For example, we have engaged renowned actors, entrepreneurs, athletes, and other tastemakers such as Donnie Yen, Mark Rutherford, Scott Hoying, G.E.M., Van Ness Wu, Kimberly Woltemas, and others to act as Changemakers and representatives of the Circle brand. Our CircleDNA product also has more than 14,000 related tags on Instagram generated by users.

While celebrity endorsement helps strengthen our brand influence and promote our products, any negative publicity related to any of these celebrities, the occurrence of which is beyond our control, may adversely impact our reputation and brand image and consequently our ability to attract new customers and retain existing customers.

In addition, customers may provide feedback and public commentary about our products and other aspects of our business online through social media platforms, including Facebook, Instagram, and YouTube, and any negative information concerning us, whether accurate or not, may be posted on social media platforms at any time and may have a disproportionately adverse impact on our brand, reputation, or business. The harm may be immediate without affording us an opportunity for redress or correction and could have a material adverse effect on our business, results of operations, financial condition, and prospects.

We rely on a limited number of suppliers for CircleDNA, ColoClear and ACTOnco and may not be able to find replacements or immediately transition to alternative suppliers, which could adversely affect our ability to meet customer demand.

We rely on a limited number of suppliers for materials, genome sequencing service and RT-PCR testing service. We do not have long-term agreements with most of our suppliers, and our suppliers could cease supplying these materials and services at any time, or fail to provide us with sufficient quantities of materials or materials that meet our specifications or services that are satisfactory to us. Obtaining substitute components could be difficult, time-consuming and costly and it could require us to redesign or revalidate our test kit. Our laboratory operations could be interrupted if we encounter delays or difficulties in securing these reagents, sequencers or other equipment or materials, and if we cannot timely obtain an acceptable substitute. Such interruption could significantly affect our ability to conduct our tests and could adversely affect our ability to meet customer demand.

Although we maintain relationships with suppliers with the objective of ensuring that we have adequate supply for the delivery of our services, increases in demand for our services can result in supply shortages and higher costs. Our suppliers may not be able to meet our delivery schedules or performance and quality specifications, and we may not be able to purchase such items at a competitive cost. Further, we may experience shortages in certain items as a result of limited availability, increased demand, pandemics or other outbreaks of contagious diseases, weather conditions and natural disasters, as well as other factors outside of our control. In addition, our freight costs may increase due to factors such as limited carrier availability, increased fuel costs, increased compliance costs associated with new or changing government regulations, pandemics or other outbreaks of contagious diseases and inflation. Furthermore, the prices charged for our products may not reflect changes in our packaging material, freight, tariff and energy costs at the time they occur, or at all. Any of the foregoing risks, if they occur, could have a material adverse effect on our business, financial condition and results of operations.

Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations.

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may occur due to a variety of factors, many of which are outside of our control, including, but not limited to: (i) the level of demand for our products; (ii) the timing and cost of, and level of investment in, research, development, manufacturing, regulatory approval and commercialization activities relating to our testing products, which may change from time to time; (iii) sales and marketing efforts and expenses; (iv) the rate at which we grow our sales force and the speed at which newly hired salespeople become effective; (v) changes in the productivity of our sales force; (vi) positive or negative coverage in the media or clinical publications of our testing products or competitive products; (vii) the cost of manufacturing our testing products, which may vary depending on the quantity of production and the terms of our arrangements with our suppliers; (viii) our introduction of new or enhanced products or technologies or others in the diagnostic and genetic testing industry; (ix) pricing pressures; (x) expenditures that we may incur to acquire, develop or commercialize testing products for additional indications, if any; (xi) the degree of competition in our industry and any change in the competitive landscape of our industry; (xii) changes in governmental regulations or in the status of our regulatory approvals or requirements; (xiii) future accounting pronouncements or changes in our accounting policies; and general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

The cumulative effects of factors discussed above and other factors could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Investors should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failure to meet the expectations of industry or financial analysts or investors for any period, which in turn could have a material adverse effect on our business and prospects, and the market price of the Class A Ordinary Shares and the Warrants.

Our business significantly depends upon the strength of our brands, including Prenetics, CircleDNA and ColoClear and ACTOnco, and any harm to our brands or reputation may materially and adversely affect our business and results of operations.

We believe that the brand identity that we have developed has significantly contributed to the success of our business. It is critical that we continue to maintain and enhance the recognition and reputation of our brands.

Many factors, some of which are beyond our control, are important to maintaining and enhancing our brands and if not properly managed, may cause material harm to our brands. These factors include our ability to: (i) provide effective, accurate and user-friendly testing services to customers; (ii) maintain the efficiency, reliability and quality of the testing services we provide to our consumers; (iii) maintain or improve consumer satisfaction with our after-sale services; (iv) increase brand awareness through marketing and brand promotion activities; and (v) preserve our reputation and goodwill in the event of any negative publicity on our services, product quality, price, data privacy and security, our industry and other players within the industry or other issues affecting us or our peers.

If our devices are perceived by the public to be of poor quality or if our test kits are perceived to provide inaccurate results or significantly delayed responses, such perception, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new clients and customers or retain our current clients and customers. If we fail to promote and maintain our brands including “Prenetics,” or “CircleDNA,” or if we incur excessive expenses in this effort, our business, operating results and financial condition may be materially and adversely affected. We anticipate that, as the market becomes increasingly competitive, maintaining and enhancing our brands may become increasingly difficult and expensive.

If we cannot provide quality technical and customer and user support, we could lose customers, and our business and prospects may be adversely affected.

The provision of our testing services to our customers requires ongoing customer and user support and therefore recruitment, training and retention of technical, customer and user support teams. Hiring technical and customer and user support personnel is very competitive in the industry due to the limited number of people available with the necessary scientific and technical backgrounds and ability to understand our platform at a technical level. To effectively support potential new customers and ultimately users, we will need to substantially develop a technical and customer and user support staff. If we are unable to attract, train or retain the number of qualified technical and customer and user support personnel sufficient to meet our business needs, our business and prospects will suffer.

If we are unable to successfully expand our sales and marketing infrastructure to match our growth, our business may be adversely affected.

We currently have only a limited sales and marketing infrastructure, and have limited experience in the sales, marketing, customer support or distribution of diagnostic, preventive or other commercial stage products. Our future sales will depend in large part on our ability to develop, and substantially expand, our sales force and to increase the scope of our marketing efforts. We plan to take a measured approach to build out our sales and marketing capabilities and expand and optimize our sales infrastructure to grow our customer base and our business.

Identifying and recruiting qualified personnel and training them in the use of our products, applicable laws and regulations and our internal policies and procedures, requires significant time, expense and attention. It can take prolonged time before our sales representatives are fully trained and productive. If we are unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenue.

There are risks involved with both establishing in-house sales and marketing capabilities and entering into arrangements with third parties to perform these services. Recruiting and training a sales force is expensive and time-consuming and could delay any product launch. If any future authorized test for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. On the other hand, if we enter into arrangements with third parties to perform sales and marketing and customer support services, we likely would have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales and marketing capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing any of our current or future products. Consequently, our business, results of operations, financial condition and future prospects may be materially and adversely affected.

In addition to the efforts of our sales force, we believe that future sales will also depend in part on our ability to develop and substantially expand awareness of our brands and products through alternative strategies including through endorsement by celebrities or key opinion leaders, social media-related and online outreach and education and marketing efforts. We have limited experience implementing these types of marketing efforts. Brand promotion activities we undertake may not generate the desired customer awareness or increase revenue and, even if they do, any increase in revenue may not cover the costs and expenses we incur in these activities. There is no assurance that we can attract or retain the customers necessary to realize a sufficient return on any of our brand-building efforts.

We are highly dependent on our senior management team and key advisors and personnel, and our business and operating results could be harmed if we are unable to retain senior management and key personnel and to attract and retain qualified personnel necessary for our business.

We are highly dependent on our senior management team and key advisors and personnel. Our success will depend on our ability to retain senior management and to attract and retain qualified advisors and personnel in the future, including sales and marketing professionals and other highly skilled personnel and to integrate current and additional personnel in all departments. To induce valuable employees to remain at our Company, in addition to salary and cash incentives, we have issued, and will in the future issue, equity incentive awards that vest over time. The value to employees of such equity incentive awards that vest over time may be significantly affected by movements in our share price which is beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Despite our efforts to retain valuable employees, members of our management and development teams may terminate their employment with us on relatively short notice, even where we have employment agreements in place. The standard employment agreement of our employees provides that the employee can terminate the employment by giving at least one month's notice or payment in lieu of notice, which means that any of our employees could leave their employment at any time on relatively short notice or without notice at all. We also do not maintain "key person" insurance policies on the lives of these people or the lives of any of our other employees. The loss of members of our senior management, sales and marketing professionals and scientists as well as contract employees could result in delays in product development and harm our business. In particular, the loss of the services of Mr. Danny Yeung, our Director, Chairperson and Chief Executive Officer, Dr. Lawrence Tzang, our Chief Scientific Officer or Mr. Stephen Lo, our Chief Financial Officer, could significantly delay or prevent the achievement of our strategic objectives and otherwise have a material adverse impact on our business. If we are not successful in attracting and retaining highly qualified personnel, our business, financial condition and results of operations will be negatively impacted.

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Competition for skilled personnel across virtually all areas where we operate and need to attract additional talent is intense. If we are not successful in attracting and retaining highly qualified personnel, the rate and success at which we can develop and commercialize our products will be limited, and our business, financial condition and results of operations would be negatively impacted.

In addition, we rely on our scientific advisory board comprised of accomplished scholars and experts in oncology, genomics and precision oncology to offer invaluable insights on the latest scientific developments and provide guidelines on development of our pipeline products. If any of our scientific advisor leaves the advisory board, our research and development capabilities may be negatively affected.

The sizes of the markets and forecasts of market growth for the demand of our current and pipeline products and services are based on a number of complex assumptions and estimates that are subject to change, and may be inaccurate.

Our estimates of the total addressable markets for our products and services, including CircleDNA, ColoClear, and ACTOnco, are based on a number of internal and third-party estimates, including those prepared by Frost & Sullivan. Market opportunity estimates and growth forecasts included in this annual report have been derived from a variety of sources, including market research and our own internal estimates, and the conditions supporting our assumptions or estimates may change at any time, thereby of these underlying factors and indicators. Further, the continued development of, and approval or authorizations for, vaccines and therapeutic treatments may affect these market opportunity estimates.

Our market opportunity may also be limited by new diagnostic tests or other products that enter the market. If any of our estimates prove to be inaccurate, the market opportunity for our existing and pipeline products could be significantly less than we estimate. If this turns out to be the case, it may impair our potential for growth and our business and future prospects may be materially and adversely affected.

We may need to raise additional funds to develop our platform, commercialize new products or expand our operations, and we may be unable to raise capital when needed or on acceptable terms.

We may in the future consider raising additional capital for any number of reasons, and to do so, we may seek to sell ordinary or preferred shares or convertible debt securities, enter into one or more credit facilities or another form of third-party funding, or seek other debt financing. We may also need to raise capital sooner or in larger amounts than we anticipate for numerous reasons, including our failure to secure additional regulatory approvals for our testing services and products, lower than anticipated demand for our testing services, or otherwise.

We may also consider raising additional funds in the future to develop our platform, commercialize new products or expand our operation, including to further scale up the manufacturing of our test kits, and if user demand warrants such increase in scale, to increase our sales and marketing efforts to drive market adoption of our testing services and address competitive developments, and to finance capital expenditures and general and administrative expenses.

Our present and future funding requirements will depend on many factors, some of which are beyond our control, including: (i) the cost and timing of additional regulatory clearances or approvals for our testing services and products; (ii) our ability to achieve and maintain revenue growth; (iii) the potential cost of and delays in product development as a result of any regulatory oversight applicable to our services and products; (iv) the scope, rate of progress and cost of our current and future clinical trials; (v) the costs of attaining, defending and enforcing our intellectual property rights; (vi) the terms and timing of any other collaborative, licensing and other arrangements that we may establish; and (vii) the costs of responding to the other risks and uncertainties described in this annual report.

The various ways we could raise additional capital carry potential risks. If we raise funds by issuing equity securities, the ownership interests of our existing shareholders will be diluted. Any equity securities issued could also provide for rights, preferences, or privileges senior to those of holders of the Ordinary Shares. If we raise funds by issuing debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through other third-party funding, collaborations agreements, strategic alliances, licensing arrangements or marketing and distribution arrangements, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or test kits or grant licenses on terms that may not be favorable to us.

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Additional funding may not be available on acceptable terms, or at all. If we cannot secure additional funding when needed or if financing is not available on satisfactory terms or at all, we may have to delay, reduce the scope of, or eliminate one or more research and development programs or sales and marketing or other initiatives. In addition, our ability to raise additional funds may be adversely impacted by potential worsening global economic conditions and the disruptions to, and volatility in, the credit and financial markets worldwide. If the equity and credit markets deteriorate, we may make any necessary debt or equity financing more difficult, more costly and more dilutive. If we are unable to obtain the requisite amount of financing needed to fund our planned operations, our ability to grow and support our business and to respond to market challenges could be significantly limited, which could have a material adverse effect on our business, financial condition and results of operations.

We may enter new business areas and expand our operations in areas, such as clinical genetic testing, and precision oncology, where we have limited experience. We would likely face competition from entities more familiar with those businesses, and our efforts may not succeed.

We may enter into new business areas where we do not have any experience or have limited experience. In addition, we plan to expand our operations in business areas within clinical genetic testing, and precision oncology where we have limited experience. These areas would be new to our product development, sales and marketing personnel, and we cannot be assured that the markets for these products and services will develop or that we will be able to compete effectively or will generate significant revenues in these new areas. Many companies of all sizes, including major pharmaceutical companies and specialized biotechnology companies, are engaged in redesigning approaches to clinical-level medical care and precision oncology. Competitors operating in these potential new business areas may have substantially greater financial and other resources, larger research and development staff and more experience in these business areas. There can be no assurances that if we undertake to enter into any of the new business areas, the market will accept our offerings, or that such offerings will generate significant revenues for us.

We may incur debt or assume contingent or other liabilities or dilute our shareholders in connection with acquisitions or strategic alliances.

We may issue equity securities to pay for future acquisitions or strategic alliances, which could be dilutive to existing shareholders. We may incur debt or assume contingent or other liabilities in connection with acquisitions and strategic alliances, which could impose restrictions on our business operations and harm our operating results. Further, any additional equity financing, debt financing, or credit facility used for such acquisitions may not be on favorable terms, and any such financing or facility may place restrictions on our business. In addition, to the extent that the economic benefits associated with any of our acquisitions diminish in the future, we may incur incremental operating losses, and may be required to record additional write downs of goodwill, intangible assets or other assets associated with such acquisitions, which would adversely affect our operating results.

If we fail to implement and maintain an effective system of internal controls in the future, we may be unable to accurately report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the market price of the Class A Ordinary Shares and the Warrants.

We are subject to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, which require that we include a report from management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2023. In addition, once we cease to be an “emerging growth company” as such term is defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and if we are not a non-accelerated filer by then, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated, or reviewed, or if it interprets the relevant requirements differently from us. We may be unable to timely complete the evaluation testing and any required remediation.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2022. However, there is no assurance that we will not have any material weakness or deficiencies in the future. Even effective internal control can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. Any failure to remediate the deficiencies, or the development of new deficiencies or material weaknesses in our internal control over financial reporting, could result in material misstatements in our financial statements, which in turn could have a material adverse effect on our financial condition.

Ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets or inaccurate reporting of financial conditions and results of operations and subject us to potential delisting from the stock exchange on which we are listed, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, result in deterioration in our financial condition and results of operations, and lead to a decline in the market price of the Class A Ordinary Shares and the Warrants.

Unfavorable economic and political conditions in Hong Kong and other parts of Asia could materially and adversely affect our business, financial condition, and results of operations.

Like many other companies that operate in Asia, our business will be materially affected by economic and political conditions in Asia, which could be negatively impacted by many factors beyond our control, such as inability to access capital markets, control of foreign exchange, changes in exchange rates, rising interest rates or inflation, slowing or negative growth rate, government involvement in allocation of resources, inability to meet financial commitments in a timely manner, terrorism, political uncertainty, epidemic or pandemic, civil unrest, fiscal or other economic policy of governments, and the timing and nature of any regulatory reform. The recent geo-political uncertainties may also give rise to uncertainties in global economic conditions and adversely affect general investor confidence.

Political unrest such as protests or demonstrations could disrupt economic activities and adversely affect our business. There can be no assurance that these protests and other economic, social, or political unrest in the future will not have a material adverse effect on our financial conditions and results of operations.

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The mainland Chinese government has significant oversight, discretion and control over the manner in which companies incorporated under the laws of mainland China must conduct their business activities, but as we operate in Hong Kong and not mainland China, the mainland Chinese government currently does not exert direct oversight and discretion over the manner in which we conduct our business activities. However, there is no guarantee that the mainland Chinese government will not seek to intervene or influence our operations at any time. If we were to become subject to such oversight, discretion or control, including over overseas offerings of securities and/or foreign investments, it may result in a material adverse change in our operations, significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline.

We currently do not have any business operations in mainland China or generate revenues from any business in mainland China. However, because of our substantial operations in Hong Kong and given the mainland Chinese government's significant oversight authority over the conduct of business in Hong Kong generally, there is no guarantee that we will not be subject to such direct influence or intervention in the future due to changes in laws or other unforeseeable reasons. There is always a risk that the mainland Chinese government may, in the future, seek to affect operations of any company with any level of operations in mainland China or Hong Kong, including its ability to offer securities to investors, list its securities on a U.S. or other foreign exchange, conduct its business or accept foreign investment.

We depend on the information systems of our own and those of third parties for the effective service on our websites, mobile applications, or in our computer or logistics systems, and the overall effective and efficient functioning of our business. Failure to maintain or protect our information systems and data integrity effectively could harm our business, financial condition and results of operations.

We depend on our information systems and for the effective and efficient functioning of our business, including the manufacture, distribution and maintenance of our genetic testing kits, as well as for accounting, data storage, compliance, purchasing and inventory management. Our and our third-party collaborator's information systems may be subject to computer viruses, ransomware or other malware, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, damage or interruption from fires or other natural disasters, hardware failures, telecommunication failures and user errors, among other malfunctions and other cyber-attacks. We and our third-party collaborators could be subject to an unintentional event that involves a third-party gaining unauthorized access to our systems, which could disrupt our operations, corrupt our data or result in release of our confidential information. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to remedy and even then, may not be able to be remedied in full. Although the aggregate impact of the foregoing on our operations and financial condition has not been material to date, we may have been and going forward will continue to be the target of events of this nature as cybersecurity threats have been rapidly evolving in sophistication and becoming more prevalent in the industry. Third parties upon whom we rely or with whom we have business relationships, including our customers, collaborators, suppliers, and others are subject to similar risks that could potentially have an adverse effect on our business.

Technological interruptions could disrupt operations, including the ability to timely ship and track product orders, project inventory requirements, manage supply chain and otherwise adequately service our customers or disrupt our customers' ability to use our test kits. In addition, we rely heavily on providers of transport services for reliable and secure point-to-point transport of test kits to our customers and users and for tracking of these shipments. Should a carrier encounter delivery performance issues such as loss, damage or destruction of any systems, it would be costly to replace such systems in a timely manner and such occurrences may damage our reputation and lead to decreased demand for our test kits and increased cost and expense to our business.

Additionally, our business model is dependent on our ability to deliver various test kits to customers and have such test kits processed and returned to us. This requires coordination between our logistics providers and third-party shipping services. Operational disruptions may be caused by factors outside of our control such as hostilities, political unrest, terrorist attacks, natural disasters, pandemics and public health emergencies, affecting the geographies where our operations and customers are located.

We may not be effective at preventing or mitigating the effects of such disruptions, particularly in the case of a catastrophic event. In addition, operational disruptions may occur during the holiday season, causing delays or failures in deliveries of test kits. Any such disruption may result in lost revenues, a loss of customers and reputational damage, which would have an adverse effect on our business, results of operations and financial condition.

In the event we or our third-party collaborators experience significant disruptions, we may be unable to repair such systems in an efficient and timely manner. Accordingly, such events may disrupt or reduce the efficiency of our entire operation and harm our business, financial condition and results of operations. Currently, we carry business interruption coverage to mitigate certain potential losses but this insurance is limited in amount and jurisdiction, and subject to deductibles, exclusions and limitations, and we cannot be certain that such potential losses will not exceed our policy limits. Our information systems require an ongoing commitment of significant resources to maintain, protect and enhance our existing systems. Failure to maintain or protect our information systems and data integrity effectively could harm our business, financial condition and results of operations.

Risks Relating to Acquisitions

We have engaged in and may continue to engage in acquisitions, investments or strategic alliances in the future, which could require significant management attention and resources, may not achieve their intended results and could adversely affect our business, financial condition and results of operations.

We acquired 74.39% of the equity interest in ACT Genomics Holdings Company Limited, or ACT Genomics, an Asia based genomics company specializing in precision oncology with operations in Hong Kong, Taiwan, Japan, Singapore, Thailand and the U.K. in December 2022 pursuant to the ACT Sale and Purchase Agreements. With the ACT Acquisition, we intend to expand our business in precision oncology. We may not succeed in integrating our business with ACT Genomics' business successfully and realize the anticipated synergies and related benefits. We may further pursue acquisitions of businesses and assets in the future. We may pursue strategic alliances and additional joint ventures that could leverage our platform and industry experience to expand our offerings or distribution. However, we may not be able to find suitable partners or acquisition candidates in the future, and we may not be able to complete such transactions on favorable terms, if at all. We may not be able to integrate these acquisitions successfully into its existing business, and we could assume unknown or contingent liabilities. Any acquisitions also could result in the incurrence of debt, contingent liabilities or future write-offs of intangible assets or goodwill, any of which could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, any pursuit of an acquisition and any potential integration of an acquired company also may disrupt ongoing operations and divert management attention and resources that we would otherwise focus on developing our existing business. We may experience losses related to investments in other companies, which could have a material negative effect on our results of operations and financial condition. We may not realize the anticipated benefits of any acquisition, technology license, strategic alliance or joint venture.

We face additional risks as a result of the ACT Acquisition and may be unable to integrate our businesses successfully and realize the anticipated synergies and related benefits of the ACT Acquisition or do so within the anticipated timeframe.

In pursuit of building our product pipeline in early testing and detection of cancer, we completed the ACT Acquisition on December 30, 2022. As a result of the ACT Acquisition, we face various additional risks, including, among others, the following: (i) difficulties in integrating and managing the combined operations of ACT Genomics, and realizing the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical, or financial problems; (ii) disruption to ACT Genomics' business and operations and relationships with service providers and/or other third parties; (iii) loss of key employees of ACT Genomics and other challenges associated with integrating new employees into our culture, as well as reputational harm if integration is not successful; (iv) failure to successfully realize our intended business strategy; (v) increase in the operating losses that we expect to incur in future periods; (vi) diversion of management time and focus from operating our business to addressing ACT Acquisition integration challenges; (vii) diversion of significant resources from the ongoing development of our existing products, services, and operations; (viii) regulatory complexities of integrating or managing the combined operations or expanding into other industries or parts of the healthcare industry; (ix) regulatory developments or enforcement trends focusing on corporate practice of medicine; (x) greater than anticipated costs related to the integration of ACT Genomics' business and operations into ours; (xi) increase in compliance and related costs associated with the addition of a regulated business; (xii) responsibility for the liabilities of ACT Genomics, including those that were not disclosed to us or exceed our estimates, as well as, without limitation, liabilities arising out of their failure to maintain effective data protection and privacy practices controls and comply with applicable regulations; and (xiii) potential accounting charges to the extent intangibles recorded in connection with the ACT Acquisition, such as goodwill, trademarks, client relationships, or intellectual property, are later determined to be impaired and written down in value.

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Our ability to execute all such plans will depend on various factors, many of which remain outside our control. Any of these risks could adversely affect our business, financial condition and results of operations.

In addition, the process of integrating ACT Genomics' operations into our operations could result in unforeseen operating difficulties and require significant resources. If we are unable to successfully integrate the duties, responsibilities, and other factors of interest to the management and employees of the acquired business, we could lose employees to our competitors, which could significantly affect our ability to operate the business and complete the integration. If we are unable to implement and retain uniform standards, controls, policies, procedures, and information systems, we may need to allocate additional resources to ensure smooth operations. If the integration process causes any delays with the delivery of our services, or the quality of those services, we could lose customers, which would reduce our revenues and earnings.

Our acquisition may not be accretive, and may be dilutive, to our earnings per share, which may negatively affect the market price of our ordinary shares.

Our acquisition may not be accretive to our earnings per share. Our expectations regarding the timeframe in which a potential acquisition may become accretive to our earnings per share may not be realized. In addition, we could fail to realize all of the benefits anticipated in a potential acquisition or experience delays or inefficiencies in realizing such benefits. Such factors could, combined with the potential issuance of our ordinary shares in connection with a potential acquisition, result in such acquisition being dilutive to our earnings per share, which could negatively affect the market price of our ordinary share.

With respect to the ACT Acquisition, the following factors, among others, could materially and adversely affect our results of operations or stock price: (i) expenses related to the acquisition process and impairment charges to goodwill and other intangible assets related to the ACT Acquisition; (ii) the dilutive effect on earnings per share as a result of issuances of our ordinary share and incurring operating losses; (iii) stock volatility due to investors' uncertainty regarding the value of ACT Genomics; (iv) diversion of capital from other uses; (v) failure to achieve the anticipated benefits of the ACT Acquisition in a timely manner, or at all; and (vi) adverse outcome of litigation matters or other contingent liabilities assumed in or arising out of the ACT Acquisition.

We may incur various transaction costs and liabilities notwithstanding the due diligence reviews we performed in connection with acquisitions.

When we acquire businesses, products or technologies, our due diligence reviews are subject to inherent uncertainties and may not reveal all potential risks. We may therefore fail to discover or inaccurately assess undisclosed or contingent liabilities, including liabilities for which we may have responsibility as a successor to the seller or the target company. As a successor, we may be responsible for any past or continuing violations of law by the seller or the target company. Although we generally attempt to seek contractual protections, such as representations and warranties and indemnities, we cannot be sure that we will obtain such provisions in our acquisitions or that such provisions will fully protect us from all unknown, contingent or other liabilities or costs. In addition, claims against us relating to any acquisition may necessitate our seeking claims against the seller for which the seller may not indemnify us or that may exceed the scope, duration or amount of the seller's indemnification obligations.

While we performed significant due diligence reviews on ACT Genomics prior to signing the ACT Sale and Purchase Agreements, we are dependent on the accuracy and completeness of statements and disclosures made or actions taken by ACT Genomics, its representatives and its shareholders in connection with our due diligence reviews and our evaluation of the results of such due diligence. We did not control and may be unaware of activities of ACT Genomics prior to the ACT Acquisition, including, without limitation, intellectual property and other litigation or disputes, information security vulnerabilities, violations of laws, policies, rules and regulations, commercial disputes, tax liabilities and other liabilities.

Our post-closing recourse is limited under the ACT Sale and Purchase Agreements. If any issues arise post-closing, we may not be entitled to sufficient, or any, indemnification or recourse from ACT Genomics, sellers of shares of ACT Genomics or other parties involved in the ACT Sale and Purchase Agreements, which could have a material adverse impact on our business and results of operations.

Risks Relating to Government Regulation

Our business collects and processes a large amount of data including personal information, and we will face legal, reputational, and financial risks if we fail to protect our customers' data from security breaches or cyberattacks. We are also subject to various laws and regulations relating to privacy or the protection or transfer of data relating to individuals, and any change in such laws and regulations or any failure by us to comply with such laws and regulations could adversely affect our business.

We collect and store sensitive data, including personally identifiable information, genetic information, payment information, intellectual property and proprietary business information owned or controlled by ourselves, our customers, or other parties. We manage and maintain our data and applications utilizing cloud-based systems. We also protect sensitive customer data by logically segregating access and storage of personally identifiable and genetic data from other business operations involving data processing. We identify a variety of risks in connection of protecting the critical customer and business information, including loss of access risk, inappropriate disclosure, inappropriate modification, and the risk of us being unable to adequately monitor and modify controls over our critical information.

Any technical problems that may arise in connection with our data and systems, including those that are hosted by third-party providers, could result in interruptions to our business and operations or exposure to security vulnerabilities. These types of problems may be caused by a variety of factors, including infrastructure changes, intentional or accidental human actions or omissions, software errors, malware, viruses, security attacks, fraud, spikes in customer usage and denial of service issues. From time to time, large third-party web hosting providers utilized by us may experience outages or other problems that would result in their systems being offline and inaccessible, which could materially impact our business and operations. In addition, our various customer tools and platforms are currently accessible through our online portal and/or through our mobile applications, which may also be exposed to security breaches.

The secure processing, storage, maintenance and transmission of critical customer and business information are vital to our operations and our business strategy. Although we devote significant resources to protecting such information and take what we believe to be reasonable and appropriate measures, including a formal and dedicated enterprise security program, to protect sensitive information from compromises such as unauthorized access, disclosure, or modification or lack of availability, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance or other disruptions. We may be exposed to significant monetary damages which are not covered by our liability insurance. Further, a security breach could require us to expend substantial additional resources related to the security of our information systems and providing required breach notifications, diverting resources from other projects and disrupting our businesses.

In addition to data security risks, we also face data privacy risks. Should we actually violate, or be perceived to have violated, any privacy promises we make to our customers, we could be subject to a complaint from an affected individual or interested privacy regulator, such as the Office of the Privacy Commissioner for Personal Data in Hong Kong. This risk is heightened given the sensitivity of the data we collect. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory or contractual requirements could inhibit sales of our solutions, and any failure to comply with such laws, regulations and contractual requirements could lead to significant fines, penalties or other liabilities.

There has been unprecedented activity in the development of data protection regulation around the world, and as a result, the interpretation and application of consumer, health-related and data protection laws in Hong Kong, the U.K., Europe and other jurisdictions in which we conduct business are often uncertain, contradictory and in flux. Numerous local and international laws and regulations address privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data in jurisdictions where we operate, including the Personal Data (Privacy) Ordinance in Hong Kong, or "PDPO" and the U.K. GDPR. These laws, rules, and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation, and changes in enforcement, and may be inconsistent from one jurisdiction to another.

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The PDPO applies to data users that control the collection, holding, processing or use of personal data in Hong Kong and does not have extraterritorial effect. The PDPO does not specifically govern the use of human genetic data or other sensitive personal data, and we are subject to the general requirements under PDPO including to obtain the prescribed consent of the data subject and to take all practicable steps to protect the personal data held by data users against unauthorized or accidental access, loss or use. Breaches of the PDPO may lead to a variety of civil and criminal sanctions including fines up to HK\$100,000 and imprisonment of up to two years. In addition, data subjects have a right to bring proceedings in court to seek compensation for damage.

We also have operations in the U.K. and the European Union and are therefore required to comply with increasingly complex and changing data security and privacy regulations in the U.K. and the European Union that regulate the collection, use and transfer of personal data, including the transfer of personal data between or among countries. For example, the European Union's General Data Protection Regulation, or "GDPR," now also enacted in the U.K., or "the U.K. GDPR," as well as the U.K. Data Protection Act (2018), or "DPA," have imposed stringent compliance obligations regarding the handling of personal data and have resulted in the issuance of significant financial penalties for noncompliance.

The U.K. GDPR and GDPR broadly apply to any entity established in the U.K. and the European Union as well as extraterritorially to any entity outside the U.K. and the European Union that offers goods or services to, or monitors the behavior of, individuals who are located in the U.K. and the European Union. The GDPR imposes strict requirements on controllers and processors of personal data, including enhanced protections for "special categories" of personal data, which includes sensitive information such as health and genetic information of data subjects. As a controller and processor of personal data, we are subject to extensive obligations related to the collection, recording, use, storage, disclosure and destruction of any test results and associated personal data by our services, laboratories, websites and applications in accordance with the various data protection principles prescribed under the U.K. GDPR, and "genetic data" and "data concerning health" which we collect in connection with our testing services constitute a special category of data under the U.K. GDPR and the DPA, and are subject to more stringent rules that provide more protection of such data given the sensitive nature. The U.K. GDPR and GDPR also grant individuals various rights to seek legal remedies in relation to their personal data if the individual believes his or her rights have been violated, including the rights of access, rectification, objection to certain processing and deletion. Failure to comply with the requirements of the GDPR or the related national data protection laws may result in significant administrative fines issued by the U.K. or European Union regulators. Under the U.K. GDPR, the Information Commissioner can impose significant administrative fines on both data controllers and data processors. There are two tiers of such fines, which are the higher of up to £8.7 million or 2% of global turnover, or the higher of up to £17.5 million or 4% of global turnover. Under the GDPR, maximum penalties for violations are capped at 20 million euros or 4% of an organization's annual global revenue, whichever is greater.

Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, data protection, and information security, it is possible that our interpretations of the law or other obligations, practices, or platform could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations, or obligations. If so, this could result in government-imposed fines or orders requiring us to change our commercial practices, which could disrupt our operations and adversely affect our business.

In addition, these privacy laws and regulations may differ from country to country and region to region, and our obligations under these laws and regulations vary based on the nature of our activities in the particular jurisdiction, such as whether we collect samples from individuals in the local jurisdiction, perform testing in the local jurisdiction, or process personal information regarding employees or other individuals in the local jurisdiction. Complying with changing regulatory requirements requires us to incur substantial costs, exposes us to potential regulatory action or litigation, and may require changes to our business practices in certain jurisdictions, any of which could materially and adversely affect our business operations and operating results. There is no assurance that we are or will remain in compliance with diverse privacy and data security requirements in all of the jurisdictions in which we currently operate and may operate in the future. Failure of us to comply with applicable laws or regulations or any other obligations relating to privacy, data protection, or information security, or any compromise of security that results in unauthorized access to, or use or release of personally identifiable information or other data relating to our customers, or other individuals, or the perception that any of the foregoing types of failure or compromise has occurred, could damage our reputation and brand, discourage new and existing customers from using our platform, or result in fines, investigations, or proceedings by governmental agencies and private claims and litigation, any of which could adversely affect our business, financial condition, and results of operations.

Our products and services are and will continue to be subject to extensive regulation, compliance of which could be costly and time-consuming or may cause unanticipated delays or prevent the receipt of the required approvals to offer our products and services.

Our testing products are classified as medical devices and the manufacture, labeling, advertising, promotion, post-market surveillance and marketing of medical devices are subject to extensive regulation in various jurisdictions in which we operate. Government regulation of medical devices is meant to assure their safety and effectiveness, and includes regulation of, among other things: (i) design, development and manufacturing; (ii) testing, labeling, including directions for use, processes, controls, quality assurance, packaging, storage, distribution, installation and servicing; (iii) clinical trials and validation studies; (iv) registration and listing; (v) marketing, sales and distribution; (vi) recordkeeping procedures; (vii) advertising and promotion; (viii) pre-market authorization; (ix) corrections, removals and recalls; (x) post-market surveillance, including reporting of deaths or serious injuries, and malfunctions that, if they were to recur, would be likely to cause or contribute to a death or serious injury; and (xi) product import and export.

In Hong Kong, medical device manufacturers may voluntarily complete an application and registration with the Medical Device Division of the Department of Health of Hong Kong in the Medical Device Administrative Control System, for which the applicant must demonstrate the safety and performance of the medical devices by submitting a number of supporting documents including test reports of the device's chemical, physical and biological properties, and a performance evaluation report including evaluation of analytical performance and clinical performance of the device to demonstrate that the device achieves its intended purpose. In the U.K. and the European Union, IVD devices must comply with the essential safety, health, design and manufacturing requirements under EU IVDD. Beginning in January 1, 2021, IVD device manufacturers can also sell a device by registering with the MHRA. Under the MHRA requirements, IVD devices must meet essential requirements according to Part IV MDR 2002 Annex I and be registered with the MHRA.

If regulatory authorities conclude that any aspect of our business operations does not comply with applicable law, we may be subject to penalties and other damages and sales of our testing products may also suffer. In addition, in the event of any material deficiencies or defects in design or manufacture that could affect patient safety, our products may be subject to recall. Any such quality issue can both harm our business reputation and result in substantial costs and write-offs, which in either case could materially harm our business and financial results.

We plan to expand our business and operations internationally to various jurisdictions in which we do not currently operate and where we have limited operating experience, all of which exposes us to business, regulatory, political, operational and financial risk.

One of our key business strategies is to pursue international expansion of our business operations and market our products in multiple jurisdictions.

As a result, we expect that our business will be subject to a variety of risks associated with doing business internationally, including an increase in our expenses and diversion of the management's attention from other aspects of our business. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including: (i) political, social and/or economic instability; (ii) risks related to governmental regulations in foreign jurisdictions and unexpected changes in regulatory requirements and enforcement; (iii) fluctuations in currency exchange rates; (iv) higher levels of credit risk and payment fraud; (v) burdens of complying with a variety of foreign laws; (vi) complexities and difficulties in obtaining intellectual property protection and reduced protection for intellectual property rights in some countries; (vii) difficulties in staffing and managing global operations and the increased travel, infrastructure and legal compliance costs associated with multiple international locations and subsidiaries; (viii) management of tax consequences and compliance; and (ix) other challenges caused by distance, language, and cultural differences, making it harder to do business in certain international jurisdictions.

In addition, we may be subject to increased regulatory risks and local competition in various jurisdictions where we plan to expand operations but have limited operating experience. Such increased regulatory burden and competition may limit the available market for our products and services and increase the costs associated with marketing the products and services where we are able to offer our products. If we are unable to manage the complexity of global operations successfully, or fail to comply with any of the regulations in other jurisdictions, our financial performance and operating results could suffer.

Risks Relating to Intellectual Property and Legal Proceedings

We may be subject to legal proceedings and litigation, which are costly to defend, and adverse publicity about any investigation, litigation, regulatory or legal action against us or our senior management could harm our reputation and business.

We and our management may become, involved in legal proceedings relating to patent and other intellectual property matters, product liability claims, employee claims, tort or contract claims, regulatory investigations, and other legal proceedings or investigations, which could have a negative impact on our reputation, business and financial condition and divert the attention of the management from the operation of our business.

Litigation and other legal proceedings are inherently unpredictable and can result in excessive or unanticipated verdicts and/or injunctive relief that affect how we operate our business. We could incur judgments or enter into settlements of claims for monetary damages or for agreements to change the way we operate our business, or both. There may be an increase in the scope of these matters or there may be additional lawsuits, claims, proceedings or investigations in the future, which could harm our business, financial condition and results of operations.

In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence and reduce long-term demand for our test kits, even if the regulatory or legal action is unfounded or not material to our operations.

We depend, and may depend in the future, on intellectual property licensed from third parties for development and commercialization of certain products, and the termination of the licenses or other agreements permitting us to use such intellectual property or failure of such third parties to maintain or protect such intellectual property could result in the loss of significant rights by us, which would harm our business.

We depend, and may depend in the future, on intellectual property licensed from third parties for the development and commercialization of our diagnostic and precision oncology products. The inability to license such intellectual property on favorable terms, including obtaining exclusive rights in relevant jurisdictions, and the termination of such licenses or other agreements permitting us to use such intellectual property, could adversely affect our business.

For example, we are dependent on the exclusive license from New Horizon Health to market, promote, sell, distribute, and to provide testing services using the ColoClear technology for diagnostic use for colorectal cancer and adenoma in Hong Kong, Macau and the Philippines under Prenetics HK's collaboration agreement with New Horizon Health and NHH Hangzhou (the "New Horizon Agreement") entered into in July 2019 and a supplemental agreement entered into in December 2019. Under the New Horizon Agreement, Prenetics HK has the right to apply for applicable FDA approval for the ColoClear product, if required. All intellectual property developed or generated based on or in connection with the collaboration shall be jointly owned by New Horizon Health and Prenetics HK. New Horizon Health shall have the right of first refusal to license such newly developed intellectual property to any third parties. Co-owned intellectual property rights will limit our ability to use and exploit such intellectual property and New Horizon Health, as the other co-owner, may license rights to third parties, including our competitors, who could market competing products and technology. In addition, we may need the cooperation of any such joint owners in order to enforce such intellectual property against third parties, and such cooperation may not be provided. We cannot provide any assurance with respect to the success of any research, development or commercialization efforts pursuant to the New Horizon Agreement. In addition, Prenetics HK splits the gross income generated in connection with the ColoClear product and its related services with New Horizon Health.

Either New Horizon Health or Prenetics HK has the right to terminate the New Horizon Agreement at any time during the initial term of five years for convenience by providing the other party with three-months' prior written notice.

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If the New Horizon Agreement were to be terminated, we will lose licenses for intellectual property that are important to our business, and as a result, we may not be able to continue developing, selling or commercializing our test kits for colorectal cancer. This would adversely affect our competitive business position and harm our business prospects. Moreover, disputes, arbitration, litigation or other proceedings with New Horizon could last for an extended period of time, may not be resolved in a favorable manner and could result in substantial damages payable by us and would divert management's attention.

We rely substantially on our trademarks and trade names. If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be harmed.

We rely substantially upon trademarks and trade names to build and maintain the integrity of our brands. Our registered and unregistered trademarks or trade names may be challenged, infringed, circumvented, declared unenforceable or determined to be violating or infringing on other intellectual property rights. We may not be able to protect or enforce our rights to these trademarks and trade names, which we rely upon to build name recognition among potential partners and customers, including that our trademark applications may not be approved by the applicable trademark authority. Our trademarks, including our registered trademarks, could also be the subject of challenges by third parties. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands. In addition, there could be potential trade name or trademark infringement or dilution claims brought by owners of other trademarks against us. Further, at times, competitors or other third parties may adopt trade names or trademarks similar to those of us, thereby impeding our ability to build brand identity and possibly leading to market confusion. Asserting claims against such third parties may be prohibitively expensive. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Any of our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names or other intellectual property may be ineffective, could result in substantial costs and diversion of resources and could harm our business, financial condition and results of operations.

Risks Relating to Our Securities

The trading prices of our Class A Ordinary Shares and Warrants may be volatile and a market for our Class A Ordinary Shares and Warrants may not develop, which would adversely affect the liquidity and price of our Class A Ordinary Shares.

The trading prices of Class A Ordinary Shares and Warrants may be volatile and may fluctuate due to a variety of factors, some of which are beyond our control, including, but not limited to: (i) changes in the sectors in which we operate; (ii) changes in its projected operating and financial results; (iii) changes in laws and regulations affecting our business; (iv) ability to continue to innovate and bring products to market in a timely manner; (v) changes in our senior management team, our board of directors or key personnel; (vi) our involvement in litigation or investigations; (vii) the anticipation of releases of remaining lock-up restrictions; (viii) negative publicity about us or our products; (ix) the volume of Class A Ordinary Shares and Warrants available for public sale; (x) announcements of significant business developments, acquisitions, or new offerings; (xi) general economic, political, regulatory, industry, and market conditions; and (xii) natural disasters or major catastrophic events.

In addition, an active trading market for our Class A Ordinary Shares and Warrants may never develop or, if developed, may not be sustained. You may be unable to sell your Class A Ordinary Shares unless a market can be established and sustained.

These and other factors may cause the market price and demand for our Class A Ordinary Shares and Warrants to fluctuate substantially, which may limit or prevent investors from readily selling their shares and may otherwise negatively affect the liquidity of Class A Ordinary Shares or Warrants. Following periods of such volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Because of the potential volatility of Class A Ordinary Shares or Warrants, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

Sales of a substantial number of our securities in the public market could cause the price of our Class A Ordinary Shares and Warrants to fall.

Sales of a substantial number of Class A Ordinary Shares and/or Warrants, or the perception that those sales might occur, could result in a significant decline in the public trading price of our Class A Ordinary Shares and Warrants and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our Class A Ordinary Shares and Warrants.

A certain number of our Warrants have become exercisable for our Class A Ordinary Shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders.

Our Warrants to purchase up to 22,384,585 Class A Ordinary Shares have become exercisable on June 17, 2022 in accordance with the terms of the Assignment, Assumption and Amendment Agreement and the Existing Warrant Agreement governing those securities. The exercise price of the Warrants is \$8.91 per 1.29 shares (or an effective price of \$6.91 per share), subject to adjustment pursuant to the terms of the Assignment, Assumption and Amendment Agreement and the Existing Warrant Agreement. To the extent such Warrants are exercised, additional Class A Ordinary Shares will be issued, which will result in dilution to the existing holders of Class A Ordinary Shares and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such Warrants may be exercised could adversely affect the market price of Class A Ordinary Shares. Assuming the exercise of all outstanding warrants for cash, we would receive aggregate proceeds of approximately \$154.6 million. However, we will only receive such proceeds if all the Warrant holders exercise all of their Warrants. We believe that the likelihood that warrant holders determine to exercise their warrants, and therefore the amount of cash proceeds that we would receive, is dependent upon the market price of our Class A Ordinary Shares. If the market price for our Class A Ordinary Shares is less than the exercise price of the warrants (on a per share basis), we believe that warrant holders will be very unlikely to exercise any of their warrants, and accordingly, we will not receive any such proceeds. As of April 28, 2023, the closing price of our Class A Ordinary Shares was \$0.83 per share. There is no guarantee that the Warrants will ever be “in the money” prior to their expiration, and as such, the Warrants may expire worthless.

If securities or industry analysts do not publish research, publish inaccurate or unfavorable research or cease publishing research about us, our share price and trading volume could decline significantly.

The trading market for our Class A Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of us, or if these securities or industry analysts are not widely respected within the general investment community, the demand for our Class A Ordinary Shares could decrease, which might cause its share price and trading volume to decline significantly. In the event that we obtain securities or industry analyst coverage, if one or more of the analysts who cover us downgrade their assessment or publish inaccurate or unfavorable research about our business, the market price and liquidity for our Class A Ordinary Shares and Warrants could be negatively impacted.

Future resales of our ordinary shares issued to our shareholders and other significant shareholders may cause the market price of our Class A Ordinary Shares to drop significantly, even if our business is doing well.

Certain of our shareholders are subject to contractual lock-ups. Upon expiration or waiver of the applicable lock-up periods, certain of our shareholders and certain other significant shareholders may sell large amounts of our ordinary shares in the open market or in privately negotiated transactions, which could have the effect of increasing the volatility in our share price or putting significant downward pressure on the price of our Class A Ordinary Shares.

Our dual-class voting structure may limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A Ordinary Shares may view as beneficial.

Our authorized and issued ordinary shares are divided into Class A Ordinary Shares and Class B Ordinary Shares. Each Class A Ordinary Share is entitled to one (1) vote, while each Class B Ordinary Share is entitled to twenty (20) votes with all Ordinary Shares voting together as a single class on most matters. Each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time by the holder thereof, while Class A Ordinary Shares are not convertible into Class B Ordinary Shares under any circumstances. Only Class A Ordinary Shares are listed and traded on NASDAQ, and we intend to maintain the dual-class voting structure.

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Mr. Yeung beneficially owns all of the issued Class B Ordinary Shares. As of April 18, 2023, these Class B Ordinary Shares constitute approximately 14.16% of our total issued and outstanding shares and 76.74% of the aggregate voting power of our total issued and outstanding shares due to the disparate voting powers associated with our dual-class share structure. As a result of the dual-class share structure and the concentration of control, holders of Class B Ordinary Shares have considerable influence over matters such as decisions regarding election of directors and other significant corporate actions. This concentration of control may discourage, delay, or prevent a change in control of us, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of us and may reduce our share price. This concentrated control will limit the ability of holders of Class A Ordinary Shares to influence corporate matters and could discourage others from pursuing any potential merger, takeover, or other change of control transactions that holders of Class A Ordinary Shares may view as beneficial.

The requirements of being a public company may strain our resources, divert our management's attention and affect our ability to attract and retain qualified board members.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act, the Dodd-Frank Act, NASDAQ Global Market listing requirements and other applicable securities rules and regulations. As such, we incur relevant legal, accounting and other expenses, and these expenses may increase even more if we no longer qualify as an "emerging growth company," as defined in Section 2(a) of the Securities Act. The Exchange Act requires, among other things, that we file annual and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We may need to hire more employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We expect these laws and regulations to increase our legal and financial compliance costs and to render some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty.

Many members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage the transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and regulations and the continuous scrutiny of securities analysts and investors. The need to establish the corporate infrastructure demanded of a public company may divert the management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. Furthermore, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and consequently we may be required to incur substantial costs to maintain the same or similar coverage. These additional obligations could have a material adverse effect on our business, financial condition, results of operations and prospects. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

As a result of disclosure of information in this annual report and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and, even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could cause an adverse effect on our business, financial condition, results of operations, prospects and reputation.

We are an “emerging growth company,” and it cannot be certain if the reduced SEC reporting requirements applicable to emerging growth companies will make our Class A Ordinary Shares and Warrants less attractive to investors, which could have a material and adverse effect on us, including our growth prospects.

We are an “emerging growth company” as defined in the JOBS Act. We will remain an “emerging growth company” until the earliest to occur of (i) the last day of the fiscal year (a) following the fifth anniversary of the closing of the Business Combination, (b) in which we have total annual gross revenue of at least \$1.235 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our Shares held by non-affiliates exceeds \$700 million as of the last business day of the most recently completed second fiscal quarter, and (ii) the date on which we issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We intend to take advantage of exemptions from various reporting requirements that are applicable to most other public companies, whether or not they are classified as “emerging growth companies,” including, but not limited to, an exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting and reduced disclosure obligations regarding executive compensation.

In addition, Section 102(b)(1) of the JOBS Act exempts “emerging growth companies” from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and we have different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with certain other public companies difficult or impossible because of the potential differences in accounting standards used.

Furthermore, even after we no longer qualify as an “emerging growth company,” as long as we continue to qualify as a foreign private issuer under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including, but not limited to, the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, we will not be required to file annual reports and financial statements with the SEC as promptly as U.S. domestic companies whose securities are registered under the Exchange Act, and are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

As a result, our shareholders may not have access to certain information they deem important or at the same time if we were not a foreign private issuer. We cannot predict if investors will find our Class A Ordinary Shares and Warrants less attractive because we rely on these exemptions. If some investors find our Class A Ordinary Shares and Warrants less attractive as a result, there may be a less active trading market and share price for our Class A Ordinary Shares and Warrants may be more volatile.

We qualify as a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

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We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of NASDAQ. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. Accordingly, you may receive less or different information about us than you would receive about a U.S. domestic public company.

We could lose our status as a foreign private issuer under current SEC rules and regulations if more than 50% of our outstanding voting securities become directly or indirectly held of record by U.S. holders and any one of the following is true: (i) the majority of our directors or executive officers are U.S. citizens or residents; (ii) more than 50% of our assets are located in the United States; or (iii) our business is administered principally in the United States. If we lose our status as a foreign private issuer in the future, we will no longer be exempt from the rules described above and, among other things, will be required to file periodic reports and annual and quarterly financial statements as if we were a company incorporated in the United States. If this were to happen, we would likely incur substantial costs in fulfilling these additional regulatory requirements, and members of our management would likely have to divert time and resources from other responsibilities to ensuring these additional regulatory requirements are fulfilled.

We cannot guarantee that any share repurchase program will be fully consummated or that any share repurchase program will enhance long-term shareholder value, and share repurchases could increase the volatility of the price of our Class A Ordinary Shares and could diminish our cash reserves.

On November 30, 2022, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$20 million of our Class A Ordinary Shares in the open market over the following 24 months. The share repurchase program, authorized by our board of directors, does not obligate us to repurchase any specific dollar amount or to acquire any specific number of Class A Ordinary Shares. The share repurchase program could affect the price of our Class A Ordinary Shares and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our Class A Ordinary Shares.

As a company incorporated in the Cayman Islands and a “controlled company” within the meaning of the NASDAQ corporate governance rules, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from NASDAQ corporate governance listing standards applicable to domestic U.S. companies or rely on exemptions that are available to a “controlled company”; these practices may afford less protection to shareholders than they would enjoy if we complied fully with NASDAQ corporate governance listing standards.

We are a company incorporated in the Cayman Islands and are listed on NASDAQ as a foreign private issuer. NASDAQ rules permit a foreign private issuer like us to follow the corporate governance practices of our home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from NASDAQ corporate governance listing standards applicable to domestic U.S. companies.

We are a “controlled company” as defined under the NASDAQ rules because Mr. Yeung, chairman of our board of directors and our chief executive officer, owns more than 50% of the total voting power of all issued and outstanding our Ordinary Shares. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and may rely, on certain exemptions from NASDAQ corporate governance rules.

As a foreign private issuer and a “controlled company,” we are permitted to elect to rely, and may rely, on certain exemptions from corporate governance rules, including (i) an exemption from the rule that a majority of our board of directors must be independent directors; (ii) an exemption from the rule that director nominees must be selected or recommended solely by independent directors; (iii) an exemption from the rule that the compensation committee must be comprised solely of independent directors; (iv) an exemption from the requirement that an audit committee be comprised of at least three members; (v) an exemption from the requirement that an annual general meeting must be held; (vi) an exemption from the requirement that we must obtain shareholder approval prior to a plan or other equity compensation arrangement is established or materially amended; and (vii) an exemption from the requirement to obtain shareholder approval for issuing additional securities exceeding 20% of our outstanding ordinary shares. We intend to rely on all of the foregoing exemptions available to foreign private issuers and “controlled company.”

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As a result, you may not be provided with the benefits of certain corporate governance requirements of NASDAQ applicable to companies that are subject to these corporate governance requirements.

We may issue additional securities without shareholder approval in certain circumstances, which would dilute existing ownership interests and may depress the market price of our shares.

We may issue additional Class A Ordinary Shares, Class B Ordinary Shares convertible into Class A Ordinary Shares or other equity or convertible debt securities of equal or senior rank in the future without approval of the holders of the Class A Ordinary Shares in certain circumstances, including as consideration for strategic acquisitions such as we did with a portion of the consideration for the acquisition of ACT Genomics. Our issuance of additional Class A Ordinary Shares, Class B Ordinary Shares, or other equity or convertible debt securities of equal or senior rank would have the following effects: (i) our existing shareholders' proportionate ownership interest in us may decrease; (ii) the relative voting power of each previously outstanding Class A Ordinary Share may be diminished; and (iii) the market price of Class A Ordinary Shares may decline.

We have granted in the past, and we will also grant in the future, share incentives, which may result in increased share-based compensation expenses.

In August 2017, Prenetics HK's board of directors adopted and the Prenetics HK's shareholders approved the 2017 Share Entitlement/Option Scheme, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with Prenetics HK, which was replaced by the 2021 Share Incentive Plan adopted by Prenetics' board of directors in June 2021, or the Prenetics 2021 Plan. No further awards will be granted under the Prenetics 2021 Plan. We approved and adopted the 2022 Share Incentive Plan, or the 2022 Plan. Initially, the maximum number of ordinary shares that may be issued under the 2022 Plan is (i) 10% of the total number of our Ordinary Shares that were outstanding (on a fully diluted basis) as of the date of consummation of the Business Combination (inclusive of the award pool that remains authorized but unissued prior to the consummation of the Business Combination), plus (ii) the number of shares reserved for issuance in accordance with our employee share purchase program, the maximum number being 2% of the total number of our Ordinary Shares that were outstanding (on a fully diluted basis) as of the date of consummation of the Business Combination. In addition, the number of ordinary shares that may be issued under the 2022 Plan will be increased on the first day of each calendar year, in an amount equal to the lesser of (A) three percent (3%) of the total number of Shares issued and outstanding on an as-converted fully-diluted basis on the last day of the immediately preceding fiscal year and (B) such number of ordinary shares determined by the Board.

We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and as such, we will also grant share-based compensation and incur share-based compensation expenses in the future. As a result, expenses associated with share-based compensation may increase, which may have an adverse effect on our financial condition and results of operations.

A provision in the Existing Warrant Agreement will result in additional dilution to our shareholders.

Because we issued additional Class A Ordinary Shares for capital raising purposes in connection with the Business Combination at an effective issue price of \$7.75 per Class A Ordinary Share (the "Newly Issued Price") and the aggregate gross proceeds from such issuances represented more than 60% of the total equity proceeds, and interest thereon, available for the funding of the Business Combination on the date of the completion of the Business Combination (net of redemptions), pursuant to the Existing Warrant Agreement, if the volume weighted average trading price of our Class A Ordinary Shares during the 20-trading day period starting on the trading day prior to the day on which we consummated the Business Combination (such price, the "Market Value") is below \$9.20 per share, then the exercise price of the Warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the \$18.00 per share redemption trigger price applicable to our Warrants and described in the Existing Warrant Agreement will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the \$10.00 per share redemption trigger price applicable to our Warrants and described in the Existing Warrant Agreement will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price. As of June 14, 2022, the Market Value was determined to be \$5.41 per share. As a result, effective after the close of trading on June 14, 2022: (i) the exercise price of the Warrants was adjusted from \$11.50 per 1.29 shares to \$8.91 per 1.29 shares (representing 115% of the Newly Issued Price); (ii) the \$18.00 per share redemption trigger price applicable to the Warrants and described in the Existing Warrant Agreement was adjusted to \$13.95 per share (representing 180% of the Newly Issued Price); and (iii) the \$10.00 per share redemption trigger price applicable to the Warrants and described in the Existing Warrant Agreement was adjusted to \$7.75 per share (representing the Newly Issued Price). Such adjustment under the foregoing provisions will result in additional dilution to our shareholders.

Risks Relating to Taxation

We may be or become a passive foreign investment company (“PFIC”), which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ordinary shares or Warrants.

Depending on the value of our assets, which is determined based, in part, on the market value of our ordinary shares, and the nature of our assets and income over time, we could be classified as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes. A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year if either (i) at least 75% of its gross income for such year consists of certain types of “passive” income; or (ii) at least 50% of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”). Based on our income and assets and the market value of our ordinary shares, we believe that we were not a PFIC for the taxable year ended December 31, 2022.

There can be no assurance regarding our PFIC status for the current taxable year or foreseeable future taxable years, however, because our PFIC status is a factual determination made annually that will depend, in part, upon the composition of our income and assets. The value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined in part by reference to the market price of our ordinary shares from time to time (which may be volatile). Because we will generally take into account our current market capitalization in estimating the value of our goodwill and other unbooked intangibles, our PFIC status for the current taxable year and foreseeable future taxable years may be affected by our market capitalization. Recent fluctuations in our market capitalization create a material risk that we may be classified as a PFIC for the current taxable year and foreseeable future taxable years. In addition, the composition of our income and our assets will be affected by how, and how quickly, we spend our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules, it is possible that the Internal Revenue Service may challenge our classification of certain income or assets as non-passive, or our valuation of our goodwill and other unbooked intangibles, each of which could cause us to become classified as a PFIC for the current or subsequent taxable years.

If we are a PFIC for any taxable year during which a U.S. Holder (as defined in Item 10. Additional Information — E. Taxation — U.S. Federal Income Tax Considerations to U.S. Holders) holds our ordinary shares or Warrants, the U.S. Holder may be subject to certain adverse U.S. federal income tax consequences. Additionally, if we are a PFIC for any taxable year during which U.S. Holders hold our ordinary shares or Warrants, we would generally continue to be treated as a PFIC with respect to such U.S. Holders even if we do not satisfy either of the above tests to be classified as a PFIC in a subsequent taxable year. Please see “Item 10. Additional Information — E. Taxation — U.S. Federal Income Tax Considerations to U.S. Holders — Passive Foreign Investment Company Status.”

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We were founded in 2014 and headquartered in Hong Kong. Since our inception, we have grown from a small Hong Kong genetic testing laboratory with 11 employees to an innovative genomics and precision oncology company with approximately 400 employees and operations across nine locations, including the U.K., Hong Kong, Taiwan, Japan, India, South Africa and Southeast Asia. We have a strong fundraising history, with global investors providing us long-term support in research and development and strategic acquisitions to accumulate valuable intellectual property rights and commercialize innovative products. From 2014 to May 2021, we completed five series of fundraisings, in which multiple institutional investors participated. For instance, Prudential Hong Kong Limited, an institutional investor and an indirectly wholly owned subsidiary of Prudential plc, led the Series C round and appointed a director to our board, with 15.53% beneficial ownership immediately prior to Closing of the Business Combination. On May 18, 2022, we completed the Business Combination and the PIPE Financing. Also on the same day, Class A Ordinary Shares and Warrants commenced trading on the NASDAQ under the symbols “PRE” and “PRENW,” respectively. In December 2022, we acquired 74.39% of the equity interest in ACT Genomics, an Asia-based precision oncology company with a comprehensive line of genomic tests to improve patients’ outcomes through cancer diagnosis, treatment and monitoring, thereby furthering our ambitions in precision oncology.

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Our registered office is at Unit 701-706, K11 Atelier King's Road, 728 King's Road, Quarry Bay, Hong Kong and our telephone number is +852-2210-9588. Our website is <https://www.prenetics.com/>. The information contained in, or accessible through, our website does not constitute a part of this annual report. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers, such as we, that file electronically, with the SEC at www.sec.gov. Our agent for service of process in the United States is Cogency Global Inc., 122 East 42nd Street, 18th Floor New York, N.Y. 10168.

B. Business Overview

We are an innovative genomics and precision oncology company that has devised an innovative strategy to integrate early detection for cancer, targeted therapy and direct-to-consumer genetic testing services into one comprehensive platform. Our mission is to revolutionize healthcare by integrating consumer health and genetics, and breakthrough technology for early cancer detection, targeted treatments and genetic risk identification. We believe in prevention as the key to longevity and aim to empower individuals with personalized, accessible healthcare experiences. By offering a broad range of genomic testing services, we are well-positioned to serve both the consumer health and clinical testing markets.

Our direct-to-consumer genetic testing services allow individuals to gain insights into their genetic health risks, empowering them to take proactive steps to manage their health. These insights can also be used to inform our clinical testing services, and enable the identification of potential risks early on. Our early detection and target therapy can provide those with identified risks with earlier detection of cancer, more personalized treatment plans and ultimately, better health outcomes.

We believe that our strategy of integrating early detection for cancer, targeted therapy and direct-to-consumer genetic testing uniquely positions our business. By offering a broad range of genomic testing services, we can attract a wider range of customers and generate more revenue per patient. Additionally, our ability to offer both direct-to-consumer and clinical testing services allows us to leverage economies of scale in laboratory operations and improve our margins. We intend to continue to invest in research and development, potential mergers and acquisitions opportunities, and commercialize innovative solutions in the field of precision oncology, specifically in early detection of cancer.

Our current offerings include targeted cancer treatment and monitoring, early colorectal cancer screening and consumer genetics and at-home diagnostic testing. In December 2022, we acquired ACT Genomics, an Asia-based precision oncology company with a comprehensive line of genomic tests to improve patients' outcomes through cancer diagnosis, treatment and monitoring, thereby furthering our ambitions in precision oncology. As for consumer health, we have more than 300,000 customers (including DNAFit customers) who have purchased a CircleDNA test kit as of December 31, 2022. In October 2022, we launched Circle Snapshot, an at-home blood test through which individuals can get laboratory test results digitally. In June 2022, we launched ColoClear, a non-invasive stool DNA test for the early detection of colorectal cancer.

In early 2020, with the emergence of the COVID-19 pandemic, we devoted significant resources to the global fight against COVID-19, expanding our products and services to COVID-19 testing under Project Screen. We became a prominent player in the diagnostic testing market in Hong Kong and the U.K., having now processed more than 28 million laboratory and at-home COVID-19 tests, including Circle HealthPod. At our peak, we were processing more than 40,000 COVID-19 PCR tests daily in Hong Kong, on behalf of the Hong Kong government. As COVID-19 became less of a threat to the community at the end of 2022, we restructured our operations by optimizing costs and resource allocation to focus back on our core genomics business, specifically the area of precision oncology. Our current offerings include targeted cancer treatment and monitoring, early colorectal cancer screening and consumer genetics and at-home diagnostic testing.

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In January 2023, shortly after our acquisition of ACT Genomics, ACT Genomics became the first and only Asia-based company to receive clearance from the U.S. Food and Drug Administration (“FDA”) for ACTOnco, a comprehensive genomic profiling test for solid tumors. In addition, ACT Genomics has a comprehensive portfolio of early detection tests, diagnostics tests and recurrence monitoring tests, including ACTRisk, ACTOnco, ACTDrug, ACTFusion and ACTMonitor. With ACT Genomics’ strong product portfolio, we are tapping into a US\$80 billion global cancer diagnostics market, according to our in-house research and analysis.

In addition, in March 2023, we formed a new scientific advisory board, with a diverse group of highly respected experts in precision oncology and genomics, to provide strategic input and guide the further development of our cancer genomics diagnostic platform. The scientific advisory board is led by Professor Tony S. K. Mok, a world-renowned expert in the application of precision medicine for advanced lung cancer. It also consists of Professor Pasi Jänne, a globally renowned translational thoracic medical oncologist at the Dana Farber Cancer Institute and professor of medicine at Harvard Medical School, Professor Pan-Chyr Yang, PhD, former president of Taiwan University and a pioneer and leader in pulmonary ultrasound diagnostics and therapeutics that have revolutionized the management of pulmonary diseases, including lung cancer, and Dr. Hua-Chien Chen, who has more than 20 years of experience in cancer biology, genomics and drug discovery.

With a diverse, talented and strong management team consisting of scientists, entrepreneurs and professionals, we have a strong capability and a proven track record in research and development, transforming technologies into commercial products and healthcare services that appeal to customers and effectively address their needs. Our success in CircleDNA and COVID-19 testing demonstrates our ability to execute and timely transform technologies into products and services to meet market needs. We also have a strong track record in strategic partnerships, such as with insurance companies, and acquisitions, such as DNAFit in 2018 (growth into the U.K. market), Oxsed (provision of rapid COVID-19 POCT kits which enabled us to operate rapid testing services in six U.K. airports including London Heathrow), and ACT Genomics (entry into precision oncology), identifying and maximizing synergies with targets with strong technological fit and cultural chemistry. This is an important aspect of our growth strategy in furthering our ambitions in precision oncology and genomics. We intend to further identify potential mergers and acquisitions opportunities that provide the right platform or advanced breakthrough technology to build upon our genomics and precision oncology business, and to further expand our geographic footprint.

Our Current Products and Services

CircleDNA. Our in-house developed consumer genetic testing product, CircleDNA, offers one of the most comprehensive DNA tests capitalizing on our in-house developed testing algorithm. Using the CircleDNA mobile application, our customers can access a wellspring of information about their genetic make-up and actionable recommendations at their fingertips. We present four types of product offerings that target our customers’ diverse needs including Vital, Family Planning, Health and Premium. CircleDNA Premium is a package that encompasses all services provided in the other three offerings. As of December 31, 2022, approximately 75% of our CircleDNA customers chose to purchase our Premium package since its launch. We believe CircleDNA Premium is preferred by our customers because of the comprehensive nature of the reports that the Premium package provides, which allows our customers to obtain better insight into their health status and ways to manage their health, despite its relatively higher price. Currently, we sell our CircleDNA test kits internationally, primarily via our product website, and ship to customers from more than 30 countries. Since the global launch of CircleDNA globally in November 2019, we had delivered more than 300,000 test kits (including DNAFit customers) as of December 31, 2022. Hong Kong accounts for approximately 30% of the sales of CircleDNA since its launch, while other geographies with notable historical shares of the sales of CircleDNA include Malaysia, Singapore and the United States.

Fundamentally, CircleDNA has the following key attributes:

- **Informative.** CircleDNA Premium provides customers with over 500 reports across 20 categories covering disease risks, drug responses, family planning, diet, common health risks, personal traits and nutrition, among others. For example, our customers are able to learn about their unique dietary profile, the breakdown of which genetic variants were analyzed and detected in their DNA sample and how they were analyzed, and DNA-based advice broken down into simple and actionable recommendations. In addition, customers of CircleDNA Premium can receive two complimentary one-on-one tele-consultations with our genetics-trained health professionals.

- **Advanced.** Our tests were validated by an external university genomic laboratory with a 99.9% analytical accuracy rate upon testing 452,172 pathogenic variants across 49 samples. In addition, WES technology conducts a comprehensive scan on all protein-coding genes, providing a sampling data volume of over 6GB with an average of 90 times sequencing depth. The technology enables us to extract 31 million DNA data points, representing approximately 45 to 50 times more data points than typical microarray-based genotyping tests. Samples are extracted in our own internationally accredited laboratory. After removing personally identifiable information, we and our designated third-party service providers conduct sequencing, the outputs from which are then used as inputs to our in-house developed algorithm to produce the CircleDNA reports.
- **Popular.** We sell our CircleDNA test kits, primarily via our website, and ship to consumers from more than 30 countries. Since the global launch of CircleDNA in November 2019, we had delivered more than 300,000 test kits (including DNAFit customers) as of December 31, 2022. CircleDNA also reached broader audiences through a substantial amount of user-generated content on social media.
- **Well-received.** CircleDNA received a rating of 4.5/5 at Trust Pilot, a popular online consumer review platform as of April 1, 2023.

ColoClear. ColoClear is the only non-invasive FIT-DNA colorectal cancer screening test approved by the NMPA. It is an algorithm-driven stool-based test, which utilizes a multi-target approach to detect DNA and hemoglobin biomarkers associated with colorectal cancer and precancerous adenoma. Its non-invasive nature provides convenience and a more comfortable testing experience than a colonoscopy for individuals who are unable or unwilling to undergo a colonoscopy. Before taking the test, our customers do not need to restrict their diets or prepare their bowels. Tests can be administered at hospitals, clinics or at one's home. We launched ColoClear in Hong Kong in the second quarter of 2022 in collaboration with business-to-business distribution channel partners, such as pharmaceutical distributors.

ColoClear consists of (i) ColoClear IVD, (ii) a risk assessment algorithm, (iii) ColoClear sample collection kit and (iv) DNA extraction and purification technologies. Only ColoClear sample collection kit is directly used by end-users while the other three components are used solely in our laboratories. The ColoClear sample collection kit consists of a sampling case, a sampling spoon and a sampling rod, which are used to collect stool samples, and two sampling tubes to store the samples. The sampling process generally takes a few minutes. Only around five grams of sample is needed for the test, which eases the requirement for logistics. Our laboratories in Hong Kong are equipped to conduct testing services of ColoClear utilizing ColoClear IVD. Testing results turnaround time is expected to be within five business days upon our receipt of the samples.

In clinical trials, ColoClear's sensitivity¹ was 95.5%, with specificity² of 87% and 64% for advanced adenomas. Through our licensing arrangement with New Horizon Health and NHH Hangzhou, we have exclusive rights to commercialize ColoClear in Hong Kong, Macau and the Philippines. We believe the growth potential for our colorectal screening service is promising. According to the Frost & Sullivan Report, the market size for early colorectal cancer screening services in Hong Kong and Southeast Asia is projected to reach US\$285.9 million and US\$2,787.7 million in 2030, respectively.³

Circle SnapShot. We launched Circle SnapShot in August 2022. Circle SnapShot is an off-the-shelf at-home blood test where individuals can get digital access to their own health information. It is designed to be an end-to-end user-friendly blood sample collection and result delivery system that analyzes blood markers across key areas of health concern, including food intolerance, food allergy, vitamin deficiency, sexual health, heart health, diabetes risk and men's and women's health. Our customers can self-administer the collection of their blood samples painlessly using a minimally invasive device. Samples collected are sent back to our accredited laboratory for processing. Following the delivery of results, we offer customers tele-consultations, which help them better understand the test results and make healthier lifestyle changes. Circle SnapShot is designed to complement regular or annual health checks and allow customers to regularly and more frequently monitor their health conditions without the need to visit a clinic or a test center.

¹ Sensitivity rate measures how often a test correctly generates a positive result for people who have the condition that is being tested for.

² Specificity rate measures a test's ability to correctly generate a negative result for people who do not have the condition that is being tested for.

³ Market size data excludes the colonoscopy market.

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Cancer Prevention, Diagnostics, and Recurrence Products. Through our acquisition of ACT Genomics in December 2022, we have added to our product portfolio a number a wide range of genomic profiling panels, tailored for different focuses and clinician needs, including:

The following panels that enable treatment selection:

- **ACTOnco**, a comprehensive test that helps clinicians choose the optimal treatment for all major solid tumors. It is an integrated pathway-based analysis of 440 cancer-related genes, including drug sensitivity or resistance markets, and pharmacogenomic biomarkers. ACTOnco received FDA clearance in January 2023.
- **ACTDrug+**, a screening test that checks for 40 cancer genes to map drug options and provide treatment strategy options. ACTDrug is suitable for breast, lung, colon cancers and other solid tumors.
- **ACTLung**, a test focused on biomarkers associated with lung cancer for targeted therapy. It covers 13 lung cancer-related genes, including 8 fusion genes.
- **ACTFusion**, a test which decodes 13 fusion genes and more than 350 transcripts to map drug options and provide clinicians with treatment strategy options. This test utilizes formalin-fixed paraffin-embedded (“FFPE”) tissues.
- **ACTCerebra**, a genomic profiling service for all major solid tumors with brain metastases, and advanced, recurrent and metastatic cancer. Utilizing cerebrospinal fluid, it profiles 40 genes to map drug options and provide clinicians with treatment strategy options.

The following panels that enable disease monitoring:

- **ACTMonitor**, a test that analyzes 50 forms of circulating tumor DNA in the bloodstream to provide real-time monitoring of drug resistance, early detection of cancer recurrence, and evaluation of treatment response.

For risk prediction:

- **ACT Risk**, a screening of 67 cancer genes associated with 9 common hereditary cancers and 11 cancer syndromes. This test utilizes blood specimens and is aimed at providing those with a family history of cancer or early onset cancer with a way to evaluate and manage cancer risk.

Our Technology and Laboratory

Genetic Testing

Exome sequencing is a laboratory test designed to identify and analyze the sequence of all protein-coding nuclear genes in the genome. Approximately 95% of the exome can be sequenced with currently available techniques. Next-generation sequencing, or NGS, is a substantially parallel sequencing technology that offers ultra-high throughput, scalability, and speed. The technology is used to determine the order of nucleotides in entire genomes or targeted regions of DNA or RNA. NGS has revolutionized the biological sciences, allowing laboratories to perform a wide variety of applications and study biological systems at a level never before possible. WES is a comprehensive NGS method for analyzing the entire exome. This method allows variations in the protein-coding region of any gene to be identified, rather than in only a select few genes. Because most known mutations that cause disease occur in exons, WES is thought to be an efficient method to identify possible disease-causing mutations.

Our CircleDNA deploys WES technology, which conducts a comprehensive scan on all protein-coding genes and enables us to extract 31 million DNA data points, representing approximately 45 to 50 times more data points than typical microarray-based genotyping tests. Samples of all CircleDNA tests are extracted by our laboratory technicians. We and our designated third-party service providers conduct sequencing after removing all personally identifiable information from the samples. Once sequencing is completed, we use our in-house developed algorithm to decipher and interpret the results, thereafter generating reports for our customers.

At-Home Diagnostic Testing

Circle Snapshot utilizes an innovative blood collection device with a bespoke microneedles technology to collect capillary blood. The product is designed to allow users to collect blood samples anywhere and receive lab-analyzed results digitally with expert recommendations and health guides. It analyses blood markers across key areas of health concern, including food tolerance, food allergy, vitamin deficiency, sexual health, heart health, diabetes risk and men's and women's health.

Colorectal Cancer Screening

ColoClear utilizes the FIT-DNA technology and is a proprietary product of New Horizon Health and NHH Hangzhou. We have an exclusive license to commercialize ColoClear in Hong Kong, Macau and the Philippines pursuant to our collaboration agreement and supplemental agreement with New Horizon Health and NHH Hangzhou. Although colonoscopy is the "gold standard" for colorectal cancer diagnosis, it is a complicated process and presents a poor patient experience due to its invasive nature and difficult preparation process. In contrast, stool-based tests, comprising FOBT, FIT and FIT-DNA, are non-invasive, painless and convenient to administer. In particular, the FIT-DNA test is regarded as the best available non-invasive colorectal cancer screening technology, according to the Frost & Sullivan Report. With the FIT-DNA test, DNA extracted from stool can be assayed, thus providing gene signals of colorectal cancer and advanced adenoma. Users are not required to engage in dietary restrictions or bowel preparation and can conveniently collect samples at home. ColoClear utilizes a multi-target FIT-DNA analytics through detection of multiple DNA mutational markers, DNA methylation and hemoglobin, which effectively improves the sensitivity as compared to single-target analytics. New Horizon Health has completed a large-scale, prospective, multi-center, head-to-head registrational trial of ColoClear in China. A total of 5,881 subjects were enrolled in the trial among whom 4,758 are evaluable. The primary endpoints of the registrational trial were sensitivity and specificity for colorectal cancer. Sensitivity refers to the likelihood of a clinical test to correctly identify the individuals who truly have the disease, and a high sensitivity reduces the instances of false negative (i.e. individuals with the disease are tested negative by the test). Specificity refers to the likelihood of a clinical test to correctly identify the individuals who do not have the disease, and a high specificity reduces the instances of false positive (i.e. individuals without the disease are tested positive by the test). Upon completion of the trial, ColoClear demonstrated a sensitivity of 95.5% and an overall specificity of 87.1% out of 4,758 evaluable samples for colorectal cancer in the prospective registrational trial. More specifically, ColoClear achieved a sensitivity of 96.8%, 97.5%, 96.2%, 96.4% and 86.3% for Stage 1, Stage 2, Stage 3, Stage 4 and unknown stage colorectal cancer, respectively. ColoClear is designed to be a "rule-out" test that helps eliminate the possibility of colorectal cancer risk for the screening population. In the registrational trial, it demonstrated a negative prediction value of 99.6% for colorectal cancer, meaning that for any individual who is tested negative by ColoClear, the likelihood of the individual actually having colorectal cancer is only 0.4%. According to Frost & Sullivan, the size of the global addressable market for colorectal cancer early screening is projected to reach approximately US\$93 billion by 2025, based on the estimation of the total target patient pool, average selling price and average dosing frequency.

In processing and analyzing ColoClear test samples, we use a lot of the same equipment and laboratories for extracting and analyzing samples of CircleDNA test. In addition, drawing on our strategic collaboration with New Horizon Health and NHH Hangzhou, our laboratory technicians have received and completed technical training from New Horizon Health and NHH Hangzhou to perform ColoClear tests in our laboratories.

Comprehensive Genomic Test Profiling for Targeted Therapy

Comprehensive genetic tissue profiling and targeted therapy for cancer patients involve identifying the specific genetic mutations or alterations that drive tumor growth and selecting therapies that target those mutations.

The technology behind our comprehensive genetic tissue profiling involves the following steps:

- Tumor Sample Collection: A tumor tissue sample is collected from the cancer patient.

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- **DNA/RNA Extraction:** The DNA and/or RNA are extracted from the tumor sample.
- **Next-Generation Sequencing (NGS):** NGS technology is used to sequence the DNA or RNA extracted from the tumor sample. NGS enables a simultaneous analysis of multiple genes, providing a comprehensive profile of the genetic alterations in the tumor.
- **Bioinformatics Analysis:** The sequencing data is processed and analyzed using bioinformatics tools and algorithms to identify clinically relevant genetic mutations or alterations.
- **Report Generation:** We generate a report that details the identified genetic mutations or alterations and provides information on potentially effective targeted therapies.

Targeted therapy involves using drugs that specifically target the genetic mutations or molecular pathways driving cancer growth. These therapies, which are designed to interfere with the function of the mutated genes or proteins, ultimately inhibit tumor growth and progression. The advantage of targeted therapy is that it can be more effective and cause fewer side effects than traditional chemotherapy, as it focuses on cancer cells while sparing healthy cells.

Some examples of targeted therapies include:

- **Tyrosine kinase inhibitors (TKIs):** These drugs target specific tyrosine kinases involved in cancer cell signaling, growth and survival. Examples include imatinib (Gleevec) for chronic myeloid leukemia (CML) and gefitinib (Iressa) for non-small cell lung cancer (NSCLC) with EGFR mutations.
- **Monoclonal antibodies:** These are laboratory-made molecules that can mimic the immune system's ability to recognize and attack cancer cells. Examples include trastuzumab (Herceptin) for HER2-positive breast cancer and cetuximab (Erbix) for colorectal cancer with EGFR mutations.
- **Immune checkpoint inhibitors:** These drugs work by blocking immune checkpoints, which are proteins that normally help prevent the immune system from attacking healthy cells. By blocking these checkpoints, the immune system can recognize and attack cancer cells more effectively. Examples include pembrolizumab (Keytruda) and nivolumab (Opdivo) for various types of cancer with specific genetic alterations.

By combining comprehensive genetic tissue profiling with targeted therapy, we are personalizing cancer treatment and improving patient outcomes.

Digital Platforms

To make comprehensive test results more accessible to our customers, we have integrated aspects of digitization into all of our product offerings. For example, using our in-house developed CircleDNA mobile application, customers of CircleDNA can track their sample status, access a wellspring of information about their genetic make-up and actionable recommendations at their fingertips, and schedule complementary tele-consultations. In addition, customers of the Premium package are able to view over 500 reports across 20 categories on their personal computers or via the CircleDNA mobile application.

Laboratory Accreditation

We operate ten laboratories in Hong Kong, Japan, Taiwan and Thailand. Our laboratories are accredited by various organizations, including the Hong Kong Laboratory Accreditation Scheme, operated by the Hong Kong Accreditation Service, the Thailand Department of Medical Science, Ministry of Health, and the College of American Pathologists.

Research & Development

Our specialized in-house R&D teams and experienced scientific advisory board are the pillars underpinning our strong R&D and product innovation capability. In addition, we have acquired a strong R&D team from ACT Genomics through the ACT Acquisition.

As of April 28, 2023, we had 44 in-house R&D staff, 54 engineering developers, and approximately 30 product development staff. We have approximately 60 laboratory staff that conduct R&D activities from time to time. Our main priorities are to refine and upgrade existing products, source, develop and commercialize novel product innovations.

Our main research and development workstreams include a scientific & laboratory team, clinical & bioinformatician teams, an R&D team and an engineering & development team. Our scientific & laboratory team, led by Dr. Lawrence Tzang, our co-founder, chief scientific officer and laboratory director, is responsible for the research and development of lab protocols and development of testing technologies for commercial application, and has overall responsibility for lab operations. Our Clinical & Bioinformatician team, led by Dr. Senthil Sundaram, chief clinical officer, comprises clinical scientists, bioinformaticians and genetic counselors, and is charged with statistical analysis, development of in-house algorithms and computer modeling. ACT Genomics' bioinformatics team, led by Dr. Shu-Jen Chen, the co-founder of ACT Genomics, is responsible for providing clinical and research sequencing in the laboratory-developed tests-registered and the college of American pathologists-accredited laboratory, developing in-house bioinformatics algorithms and models, and assembling database for clinical data interpretation. Dr. Hua-Chien Chen leads our R&D team, which is responsible for developing diagnostic and screening technologies for clinical use. Our engineering & development team, led by Dr. Peter Wong, the chief technology officer and interim chief information officer of ACT Genomics, is charged with the development of computer models, software, apps and the architecture of our IT infrastructure. Furthermore, Dr. Frank Ong, serves as our chief medical officer and leads up our cancer genomics initiatives and regulatory affairs.

Manufacture and Supply

We currently rely on third-party manufacturers for the production of our existing products. We do not have in-house manufacturing capability and do not plan to develop such capacity in the foreseeable future.

We mainly rely on a number of third-party suppliers, which we have qualified in accordance with our quality control system, to provide materials such as sterile swabs. We have strategically established partnerships with leading companies in China and the U.K. as our suppliers for genome sequencing service. All laboratories of our suppliers have received local regulatory certification, such as certification from the United Kingdom Accreditation Service ("UKAS").

We continue to optimize the quality of our products by identifying reliable manufacturers, conducting quality assessments of components from our suppliers, and persistently re-assessing our manufacture and supply options for enhanced economies of scale and production scale-up. To control and reduce the risks related to our manufacturing, quality-testing, assembly and shipping of products, we have taken a diversification approach by selecting partnering manufacturers and suppliers located in different countries or regions. Nevertheless, any variation or termination of existing arrangements may still affect our ability to sell and distribute our products until we are able to find alternative suppliers. In addition, our suppliers could cease supplying materials and equipment at any time, or fail to provide us with sufficient quantities of materials or materials that meet our specifications. For risks related to our engagement with third-party suppliers, please see "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Industry — We rely on a limited number of suppliers for CircleDNA, ColoClear and ACTOnco and may not be able to find replacements or immediately transition to alternative suppliers, which could adversely affect our ability to meet customer demand."

Sales and Marketing

For CircleDNA, we utilize a variety of marketing strategies to connect with potential customers and showcase the benefits of our direct-to-consumer genetic testing services. Our approach to consumer marketing includes the following tactics:

- **Online Advertising:** We leverage digital advertising platforms like Google AdWords, Facebook Ads, and Instagram Ads to reach our target audience. These platforms enable us to target specific demographics, interests and behaviors, ensuring our advertisements reach the most relevant users.
- **Social Media Marketing:** CircleDNA maintains a strong presence on social media platforms, including Facebook, Twitter, Instagram, and LinkedIn. We share engaging content, such as educational resources, customer testimonials and promotional offers to attract new customers and build brand awareness.
- **User-Generated Content:** We encourage our customers to share their personal experiences with CircleDNA's services on social media and other platforms. This user-generated content, including testimonials, reviews and social media posts, helps build trust and authenticity while showcasing the positive impact of our genetic testing services.
- **Content Marketing:** Our team creates informative and engaging content in various formats, including blog articles, videos and infographics, to educate potential customers about CircleDNA's services and the benefits of genetic testing. This content is shared on our website and through our social media channels.
- **Influencer Marketing:** We collaborate with influencers, particularly those with a large following in the health and wellness sector, to help us reach a wider audience. Influencers share their personal experiences with our genetic testing services, promote CircleDNA, and offer exclusive discounts or promotional codes to their followers.
- **Email Marketing:** CircleDNA uses email marketing campaigns to stay connected with existing customers and potential leads. We send newsletters, promotional offers and educational content to subscribers, encouraging them to take action and purchase our services.
- **Public Relations and Media Outreach:** Our public relations team works diligently to secure media coverage for CircleDNA in news outlets, podcasts and magazines, helping to establish credibility and increase brand visibility.
- **Affiliate Marketing:** We partner with affiliates who promote our services and earn a commission for each sale they generate. This helps us extend our reach and attract new customers through trusted recommendations.
- **Educational Events and Webinars:** Hosting educational events and webinars allows us to showcase our expertise and build trust with potential customers. These events often cover topics related to genetics, health, and wellness and may include guest speakers, product demonstrations or interactive workshops.
- **Partnerships and Collaborations:** CircleDNA collaborates with complementary businesses, healthcare providers and research institutions to expand our reach and offer additional value to our customers.
- **Promotions and Discounts:** We regularly offer limited-time promotions, discounts and exclusive deals to incentivize potential customers to try our services and boost sales.

By employing a mix of these marketing strategies, CircleDNA has an email and social media database of more than one million people globally as of December 31, 2022 (including DNAFit customers). In summary, CircleDNA effectively reaches its target audience, builds brand awareness and drives sales, helping more people access the benefits of our genetic testing services.

For our clinical testing services, under ACT Genomics and ColoClear, we employ a combination of sales and marketing strategies to reach our target audience of healthcare professionals and promote our clinical tests and precision medicine solutions. Our approach includes the following tactics:

- **Direct Sales Force:** Our specialized sales representatives and account managers engage with healthcare providers, hospitals, clinics and other potential clients to present the benefits of ACT Genomics' diagnostic tests, precision medicine solutions and ColoClear. They address any concerns and close deals to expand our physician client base.

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- **Educational Events and Conferences:** We actively participate in genomic-focused industry events, conferences and seminars to showcase our products and services, network with potential clients, and stay updated on the latest trends and innovations in our field. These events often include presentations, panel discussions, workshops and product demonstrations.
- **Partnerships with Healthcare Providers:** We establish collaborations with healthcare providers, medical institutions and research organizations to expand our reach and access new markets. Through these partnerships, we can offer our diagnostic tests and precision medicine solutions as part of a comprehensive healthcare package, enhancing the overall patient experience.
- **Content Marketing:** Our team creates informative and engaging content in various formats, such as blog articles, whitepapers, videos and webinars, to educate potential clients about our services, the benefits of our diagnostic tests and advancements in precision medicine. We share this content on our website and through social media channels.
- **Public Relations and Media Outreach:** Our public relations team works diligently to secure media coverage for ACT Genomics and ColoClear in news outlets, industry publications, podcasts and magazines, helping to establish credibility and increase brand visibility.
- **Customer Relationship Management (CRM):** We utilize CRM tools to manage and analyze customer interactions, track sales leads, and improve customer satisfaction. These tools help us maintain strong relationships with our clients, identify new sales opportunities, and streamline our sales process.

By employing a combination of these sales and marketing strategies, we are able to effectively promote our clinical tests, precision medicine solutions and drives sales, ultimately contributing to better patient outcomes.

As of April 28, 2023, we had more than 50 employees focused on sales and marketing who are located in the Hong Kong, India, Taiwan, Thailand and South Africa.

Competition

In general, all of our consumer health and clinical testing products face competition from large and well-established players. However, a significant majority of these companies are focused in the U.S. market and will continue to focus on their market due to lack of understanding and awareness for the Asia and the U.K. markets. We believe we have a significant advantage by having experienced and proven management on the ground in each of the markets we operate in. Below provides a brief landscape in terms of the competitive environment.

Genetic Testing (CircleDNA)

The number of companies entering the genetic testing market continues to increase. We also face competition from other companies attempting to capitalize on the same, or similar, opportunities as we are, including from existing diagnostic, laboratory services and other companies entering the genetics market with new offerings and genetic interpretation services. Some of our current and potential competitors have longer operating histories, are better known brands and possess greater financial, technical, marketing and other resources than we do. These factors may allow our competitors to respond more quickly or efficiently than we can to new or emerging technologies. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may allow them to build larger customer bases than we have. Our competitors may develop products or services that are similar to our products and services or that achieve greater market acceptance than our products and services. This could attract customers away from our services and reduce our market share in markets where we have been successful. We anticipate facing competition from companies such as 23andMe, Inc., myDNA Life Ltd., Ancestry.com LLC, MyHeritage Ltd., Futura Genetics, and Invitae Corporation. We believe our ability to compete successfully primarily depends on the following factors:

- customer service and support efforts;

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- technical performance of genetic testing product;
- timing of when regulatory approvals are obtained;
- commercialization infrastructure;
- pricing;
- relationship with distribution partners; and
- KOL endorsement.

Early Colorectal Cancer Screening (ColoClear)

The colorectal cancer screening market is competitive. As competition in this field intensifies, we believe it will be very important for enterprises to focus on developing cancer screening tools for high-incidence cancer types capitalizing on data accumulation and clinical trials. The ability to transform technology to commercial products is another vital key to success. It is also crucial for companies in this market to educate consumers on the benefits of early cancer screening and provide services with an easy user experience. We expect our competitors in the early colorectal cancer screening market would include Exact Sciences Corporation, Freenome Holdings, Inc., GRAIL, Inc., and Guardant Health Inc., among others. We believe our ability to compete successfully in this market would primarily depend on the following factors:

- ability to continue developing cancer screening tools;
- technology to detect and identify precancerous lesions;
- academic, talent and funding base that supports the iteration of products and large-scale clinical research;
- legal understanding of relevant regulations in place;
- first-mover advantage in establishing a “gold standard” in the market; and
- strong commercialization infrastructure to control cost, launch new products and educate consumers.

At-Home Health Test (Circle SnapShot)

At-home health test is experiencing an increasing demand in recent years fueled by a combination of technological advancement, increasing unwillingness to incur additional costs and time for frequent hospital visits, supportive reimbursement system, increasing penetration of telehealth services, favorable policies for disease prevention and greater interest from investors. Currently, companies that provide home use health tests are developing tests of greater variety and enhanced accuracy. Also, advanced data science technologies are employed to enhance accuracy of test results and provide more precise interpretation and analysis of test results. Given our focus on at-home blood tests that complement regular or annual health checks, we expect our competitors in the home use health test market would include EverlyWell, Inc., and LetsGetChecked, among others. We believe our ability to compete successfully in this market would primarily depend on the following factors:

- breadth of tests offered;
- test accuracy;
- timeliness in delivery of test results;
- user experience;
- pricing; and
- cost control.

Precision Oncology (ACTOnco, ACTDrug+, ACTLung, ACTFusion, ACTCerebra, ACTMonitor, ACTRisk)

Significant progress has been made in identifying biomarkers to match cancer patients with the appropriate treatment based on the precise molecular features of an individual patient's tumor. This has led to an increasing demand for precision oncology as a tool to personalize therapy for cancer patients, maximize the effectiveness of treatments and minimize their side effects. In addition, the prospect of liquid biopsies for the detection of early-stage cancers has opened a new era in clinical oncology. As a result, more companies are offering and looking to offer services and products in precision oncology. Our main competitors are diagnostic companies with products and services to profile genes in cancers based on next-generation sequencing in either blood or tissue specimens. They include New Horizon Health, Exact Sciences Corporation, Personalis, Inc., Freenome Holdings, Inc., Foundation Medicine (Roche), GRAIL, Inc., and Guardant Health Inc., among others.

The cancer screening market in which we operate is rapidly evolving and highly competitive. In addition, it is subject to changes in the overall healthcare industry globally. Some of our existing and potential future competitors may have longer operating histories, larger customer bases, more expansive brand recognition and deeper market penetration, substantially greater financial, technological and research and development resources and selling and marketing capabilities, and more favorable terms from suppliers. We believe the following factors may affect our ability to compete successfully in the precision oncology market:

- ability to continue developing cancer screening tools, especially a broader product portfolio;
- effectiveness of marketing efforts to market our products across Asia and EMEA;
- commercialization infrastructure and distribution networks for the promotion and sale of our products;
- first-mover advantage in the market, especially in Asia market;
- brand recognition in Asia and EMEA;
- academic, talent and funding base that supports the iteration of products and large-scale clinical research;
- receipt of regulatory approvals and timing thereof for our products; and
- ability to carry out mergers and acquisitions in the precision oncology market, thereby bringing in cutting edge technologies, resources and opportunities.

For more information regarding the risks associated with competitions in our target markets, please see “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Industry — The diagnostic testing market is highly competitive, and many of our competitors are larger, better established and have greater financial and other resources,” “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Industry — The consumer genetic testing market is highly competitive, and many of our competitors are more established and have stronger marketing capabilities and greater financial resources, which presents a continuous threat to the success of our consumer genetic testing business,” and “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Industry — The precision oncology market is highly competitive, and many of our competitors are more established and have stronger marketing capabilities and greater financial resources, which presents a continuous threat to the success of our precision oncology business.”

Intellectual Property

We regard our patents, trademarks, copyrights, domain names, know-how, trade secrets, and similar intellectual property, including our licenses to use and commercialize ColoClear, as critical to our success. We rely on patent, trademark, and copyright law and employment agreements with intellectual property assignment clauses, as well as confidentiality and non-compete employment terms with our employees and others to protect our intellectual property rights.

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We rely on trademarks to build and maintain the integrity of our brand. As of December 31, 2022, we owned over 180 trademarks in China (including Hong Kong and Macau), the U.K., Malaysia, Singapore, the European Union and the U.S., among other jurisdictions.

We have implemented measures to protect and preserve our trade secrets and other proprietary rights by ensuring that we have confidentiality terms in place with our employees, manufacturers, suppliers and R&D collaborators. However, while we have implemented such measures, they can be breached, and we may not have adequate remedies for any such breach.

We may from time to time engage in litigation to protect our trade secrets or know-how, to defend against claims of infringement of the rights of others or to determine the scope and validity of the proprietary rights of others. Please see “Item 3. Key Information — D. Risk Factors — Risks Relating to Intellectual Property and Legal Proceedings” for additional information regarding these and other risks related to our intellectual property rights.

Collaboration Agreement with New Horizon Health Limited and Hangzhou New Horizon Health Technology Co., Ltd.

On July 29, 2019, and subsequently on December 18, 2019, we entered into a collaboration agreement and a supplementary agreement with New Horizon Health and NHH Hangzhou (together, “NHH”) for an initial term of five years with an option to renew by mutual consent for up to five years, which we collectively refer to as New Horizon Agreement. Pursuant to the New Horizon Agreement, we have exclusive, non-assignable and non-transferrable rights to market, promote, sell, offer to sell and distribute, and to provide testing services using the products developed by NHH Hangzhou or its affiliates based on, derived from or otherwise in relation to the proprietary technology of ColoClear for diagnostic use for colorectal cancer and adenoma, which we collectively refer to as the ColoClear Product, and to obtain the applicable regulatory approval, if required, for the ColoClear Product (together, “NHH Licensed Rights”) in Hong Kong, Macau and the Philippines. Subject to the terms set forth in the New Horizon Agreement, we agree to purchase from NHH Hangzhou and NHH Hangzhou agrees to sell us the ColoClear Product at a specified purchase price upon the parties’ execution of purchase orders. We covenant that during the term of the New Horizon Agreement and for a period of two years after the expiration of the term, we will not on our own or in collaboration with any third parties conduct any business in any way that is similar to or otherwise competes with the services in relation to the ColoClear Product in the licensed territories.

Upon our written request, NHH Hangzhou will use its commercially reasonable efforts to (i) assist us in identifying necessary equipment and appropriate manufacturers for equipment purchase, with relevant costs and expenses incurred thereby borne by us, (ii) assist us in configuring our existing laboratory, with relevant costs and expenses incurred thereby borne by us, (iii) deliver to us training and instruction regarding shipping, handling, processing, storage, analysis, and clinical interpretation of samples and (iv) provide us technical support that may arise from time to time.

Any and all patents, copyrights, trademarks, inventions, know-how, designs, technologies algorithms and other intellectual property rights, developed or generated based on or in connection with the collaboration under the New Horizon Agreement (collectively, “New IPs”) jointly by NHH and us during the term of the New Horizon Agreement would be jointly owned by NHH Hangzhou and us. NHH Hangzhou has the right of first refusal to license such New IPs to any third parties. Any new IPs independently developed by a party to the New Horizon Agreement shall be owned by such party.

We share the gross margin generated in connection with the ColoClear Products and their related services within the licensed territories equally with New Horizon Health. Each of us and New Horizon Health bears 50% of the cost incurred by us in connection with application for the regulatory approvals, if any. Any cost in relation to the direct sales and marketing of the ColoClear Product in the licensed territories is equally borne by NHH and us. As of the date of this annual report, we have made payments in an aggregate amount of US\$233,768.46 (based on the respective conversion ratio determined at the time such payments were made) under the New Horizon Agreement.

The New Horizon Agreement may be terminated (i) by mutual agreement in writing at any time, (ii) by each party with prior written notice to the other party, within the first year of the initial term of the New Horizon Agreement, (iii) by the other party unilaterally by written notice, if a party fails to make any payment fully and timely as required and such payment is still not fully made within a specified period after the date on which it becomes due and payable, (iv) by NHH unilaterally by written notice, if we commit any other material breach, other than that provided in (iii), and fail to cure such breach within a specified period after the delivery of a written notice of such breach, (v) by NHH unilaterally by written notice with respect to certain licensed territory, if we fail to obtain the applicable regulatory approvals for the ColoClear Product in such territory within two years after NHH Hangzhou's grant of the NHH Licensed Rights, and a joint committee established pursuant to the New Horizon Agreement determines in good faith that the collaborations between the parties shall cease in such territory and (vi) by NHH unilaterally by written notice, if we file a petition related to bankruptcy or insolvency, and such petition is not dismissed within sixty days after the filing, or if we are a party to any dissolution or liquidation or make an assignment for the benefit of our creditors.

Government Regulations

Regulation of Consumer Genetic Testing and IVD devices

In Hong Kong, there are no specific laws or regulations that directly regulate the sales of consumer genetic testing and IVD devices, such as our CircleDNA. In the U.K., consumer genetic testing and IVD devices are regulated by the U.K. Medical Devices Regulations 2002 ("UK MDR 2002"). In addition, there are voluntary certifications in Hong Kong and the U.K. for laboratories where our samples are processed.

In Hong Kong and the U.K., there are certain laws and regulations relating to consumer protection, advertisements, data protection, codes of practice and standards, which may apply to our business.

Regulations relating to Consumer Protection and Advertising in Hong Kong

We make certain representations with respect to our products on various media, including the product itself, our website, social media (including through social media influencers), advertising billboards, advertising vehicles and broadcast media. The Trade Descriptions Ordinance (Cap. 362), as amended by the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012, ("TDO"), provides the overriding principle that all product descriptions must be true and not misleading and prohibits the application of a false trade description to any goods or to supply or offer to supply any goods to which a false trade description is applied. The TDO broadly applies to all goods, including our consumer genetic testing kits and IVD device. "Trade description" is broadly defined to cover indications, direct or indirect, and given by whatever means, of various matters with respect to goods or parts of goods, including quantity, composition and fitness for purpose, strength, performance, behavior and accuracy. The Customs and Excise Department is the principal enforcement agency of the TDO. The maximum penalty for non-compliance with the TDO on conviction is a fine of HK\$500,000 and imprisonment for five years. The TDO also provides for a civil compliance-based mechanism as an alternative to initiating prosecution under which the Customs and Excise Department may, with the consent of the Secretary for Justice, accept a written undertaking from a trader believed to have engaged, be engaging, or be likely to engage in conduct that constitutes any of the prohibited practices to the discontinuation of the relevant conduct.

Advertisements on television or radio must comply with the Generic Code of Practice on Television Advertising Standards ("TV Code") and the Radio Code of Practice on Advertising Standards ("Radio Code"). The general standard provided for by the TV Code and Radio Code is that advertising should be legal, clean, decent, honest and truthful. The TV Code also strictly controls the design and content of medical product advertisements, and prohibits impression of professional advice and support from medical professionals, appeals to fear or exploitation of credulity, encouragement of excess, and exaggerated claims using superlative or comparative adjectives such as "the most successful" or "quickest." Complaints regarding advertisements in broadcasting should be made to the Communications Authority. Penalties for breach of the TV Code or the Radio Code are typically applied to broadcasters, rather than the product owner and include fines up to HK\$200,000 for the first occasion a penalty is imposed, up to HK\$500,000 for the second occasion, and up to HK\$1,000,000 for any subsequent occasion. If we are at fault for these breaches, we may be required to assume the relevant liabilities by our contract with the broadcaster.

Regulations relating to Consumer Protection and Advertising in the U.K.

In the U.K., the main regulations for consumer protection and advertising are the Consumer Protection from Unfair Trading Regulations 2008 ("CPUT"), the Business Protection from Misleading Marketing Regulations 2008 ("BPRs"), U.K. Code of Non-broadcast Advertising and Direct & Promotional Marketing ("CAP Code"), the Audiovisual Media Services Regulations 2020, and broadcasting codes issued by the Office of Communications ("OfCom") and the Broadcast Committee of Advertising Practice for television and radio advertising ("BCAP") (together, the "OfCom and BCAP Codes").

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The CPUT prohibits commercial communications by a trader to a consumer which are misleading, by action or omission, where they cause or are likely to cause the average consumer to take a transactional decision they would not have taken otherwise. This includes communication in relation to the nature of the product and the main characteristics of a product.

The CAP Code sets out a self-regulatory system which is enforced by the Advertising Standards Authority (“ASA”). All the main trade and professional bodies representing advertisers, agencies, service suppliers and media owners are members of the Committee of Advertising Practice, and agree not to accept any advertising which contravenes the CAP Code. The CAP Code sets out certain key principles, including one that requires marketing communications to: (i) be legal, decent, honest and truthful; and (ii) be prepared with a sense of responsibility to consumers and society. In addition, marketing communications must not materially mislead, whether by omission, by hiding material information, or by presenting it in an unclear, unintelligible, ambiguous or untimely manner. Before distributing or submitting a marketing communication for publication, marketers must hold documentary evidence to prove claims that consumers are likely to regard as objective and that are capable of objective substantiation.

The OfCom and BCAP Codes set out the rules that govern advertisements on any radio station or any television channel licensed by Ofcom. The rules are also operated and enforced by the ASA. The overarching principles of the OfCom and BCAP Code are that advertisements should not mislead or cause serious or widespread offense, or harm, especially to children or to the vulnerable.

If an advertiser is found to breach the CPUT, the OfCom and BCAP Code or the CAP Code, the ASA may ask the advertiser to withdraw or change the relevant advertisement. ASA cannot award damages or costs, or issue fines. However, there are a few sanctions which the ASA can use to ensure compliance, including adverse publicity by publishing rulings, which may result in negative publicity in the media, and referral to National Trading Standards which can enforce the regulations by civil or criminal enforcement. Consumers have rights to take direct civil action in the case of misleading actions or aggressive practices that have led them to make a payment or a contract.

Parts of the CPUT and the CAP Code apply to content and influencer marketing. Under the CPUT, it is unlawful to falsely claim or create the impression that a trader is not acting for purposes relating to their trade, business, craft or profession, or to falsely represent itself as a consumer. Under the CAP Code, influencer advertising is lawful and permitted, provided that the advertising is obviously identifiable as such, and that the disclosure is made up front. If the influencer advertising breaches the CAP Codes, the ASA will uphold the complaint against the advertiser and the influencer and would typically require that the influencer gives undertakings to comply with the rules.

In addition, the advertising of medical devices to healthcare professionals (as opposed to the general public) is regulated by the Association of British Healthcare Industries Code (“ABHI Code”). While not binding on us, the ABHI Code sets out principles and guidelines on the accuracy and substantiation of product claims, including clinical data, lab data, post market experience, and consistency with the product’s intended purpose. Compliance with the ABHI Code is generally perceived to be good practice regardless of membership or otherwise of the ABHI, and promotes a positive reputation.

Regulations relating to Privacy and Data Protection

We collect, process and use personal data for our products and services and are subject to laws, rules and regulations relating to the privacy and security of directly or indirectly identifiable personal information (collectively, “Data Protection Laws”). Such Data Protection Laws address the collection, storage, sharing, use, disclosure, and protection of certain types of personal information, including genetic information, and frequently evolve in scope and enforcement. There can also be uncertainty, differing interpretations and contradictory requirements across the legal and regulatory landscape regarding privacy and security.

Data Protection in Hong Kong

In Hong Kong, the main data protection law is Personal Data (Privacy) Ordinance (Cap. 486) (“PDPO”). The PDPO is enforced by the Office of the Privacy Commissioner for Personal Data (“PCPD”). The PDPO does not have extraterritorial effect and applies to data users that control the collection, holding, processing or use of personal data in Hong Kong. Since the PDPO does not specifically govern the use of human genetic data, and there is no concept of “sensitive personal data,” we are subject to the general requirements under the PDPO including obligations that are set out under the following data protection principles:

- First, personal data shall only be collected for a lawful purpose directly related to a function or activity of the data user and the data collected should be necessary and adequate but not excessive. The first principle also sets out the information a data user must give to a data subject when collecting personal data from that data subject.
- Second, data users shall take all practicable steps to ensure that personal data is accurate and is not kept longer than is necessary for the fulfilment of the purpose for which the data is used.
- Third, personal data should only be used for the purposes for which they were collected or a directly related purpose. A data user is required to obtain the prescribed consent of the data subject if the data user intends to use the personal data for purposes other than those for which the data were originally collected or for a directly related purpose.
- Fourth, data users shall take all practicable steps to protect the personal data they hold against unauthorized or accidental access, processing, erasure, loss or use.
- Fifth, data subjects have a right to request access to and correction of their own personal data.
- A data user should give reasons when refusing a data subject’s request to access or correct of his/her personal data.

We obtain informed consent from our customers prior to obtaining their samples. In some situations, we may be required to share health data with authorities for public health purposes. Under section 60B of the PDPO, there is an exemption from the requirement to obtain prescribed consent to use the personal data collected, including health data, for purposes other than the original purpose if the use of the data is required or authorized by or under any laws or court order in Hong Kong. This would include requests properly made by the legal authorities under laws such as the Prevention and Control of Diseases Ordinance. The PDPO also provides an exemption for disclosing health data if the data user can show that obtaining express consent from the individual would likely cause serious harm to the health of the individual or others.

Breaches of the PDPO may lead to a variety of civil and criminal sanctions including fines and imprisonment. In the event of a breach, the PCPD may issue an enforcement notice requiring the data user to take remedial action. Failure to comply with an enforcement notice constitutes an offense, resulting in a maximum fine of HK\$50,000 and up to two years’ imprisonment (plus a daily fine of HK\$1,000 in the event the offense continues). Subsequent convictions can result in a maximum fine of HK\$100,000 and imprisonment for up to two years, with a daily penalty of HK\$2,000. There are certain offenses under the PDPO that carry more onerous penalties (e.g. a person committing an offence of disclosing personal data without consent from data users may be liable on conviction to a fine of up to HK\$1 million and imprisonment for up to five years). In addition, data subjects have a right to bring proceedings in court to seek compensation for damage. The PCPD may also grant legal assistance to the aggrieved individual who intends to institute proceedings to seek compensation.

Data Protection in the U.K.

The main laws governing the collection, use and disclosure of personal data in the U.K. are the U.K. General Data Protection Regulation (“UK GDPR”) and the Data Protection Act 2018 (“DPA 2018”). In addition, the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as amended) apply to our websites and communications with customers. The Information Commissioner of the U.K. regulates the foregoing data protection laws.

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The UK GDPR applies to the processing of personal data. It broadly defines “processing,” which includes the collection, recording, use, storage, disclosure and destruction of any test results (and associated personal data) by our services, laboratories, websites and applications. The UK GDPR has broad territorial reach and applies to the processing of personal data (i) in the context of the activities of an establishment of a controller or processor in the U.K., regardless of whether the processing takes place in the U.K. or not or (ii) to the processing of personal data of data subjects who are in the U.K. by a controller or processor not established in the U.K., where the processing activities are related to the offering of goods or services or the monitoring of their behaviors.

The UK GDPR contains extensive obligations on controllers and processors of personal data which we are subject to as both controller and processor. As a controller, we are required to process personal data in accordance with the data protection principles set out in Article 5 of the UK GDPR. These include ensuring that personal data is (i) processed lawfully, fairly and transparently, (ii) processed for the specified, explicit and legitimate purpose and not further processed in a manner that is incompatible with those purposes, (iii) adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed, (iv) accurate and kept up to date, (v) kept in a form which permits identification of individuals for no longer than is necessary for the purposes for which data is processed, and (vi) kept secure and protected against “unauthorized or unlawful processing and accidental loss, destruction or damage.” We are also required to implement accountability measures (including carrying out data protection impact assessments, audits, implementing and maintaining policies, staff training, keeping records of processing activity, and appointing a data protection officer) and technical and organizational measures to ensure privacy by design and by default. In the event of a breach of personal data, we are required to notify the Information Commissioner’s Office without undue delay and notify affected data subjects of the personal data breach (where the breach is likely to result in a high risk to their rights and freedom). The UK GDPR also grants individuals rights to information, and to access, rectify, restrict, port, erase and object to the processing of their personal data. Under the UK GDPR, there are obligations with respect to the transfer of personal data to third countries, depending on whether such countries provide adequate protection for individuals’ rights and freedom in relation to their personal data.

“Genetic data” and “data concerning health” constitute a “special category of data” under UK GDPR and the DPA 2018 and are subject to rules which provide it with more protection given its sensitive nature. In order to lawfully process special category data, a controller must identify both a lawful basis under Article 6 of the UK GDPR and a separate condition under Article 9 of the UK GDPR. In addition, under the Human Tissue Act 2004, it is a criminal offense if a person has any bodily material intending that any human DNA in the material be analyzed without qualifying consent unless an exception applies.

The Information Commissioner can impose significant administrative fines on both data controllers and data processors. Fines may be imposed instead of, or in addition to, measures that may be ordered by the Information Commissioner. They may be imposed for a wide range of contraventions, including purely procedural infringements. Administrative fines are discretionary rather than mandatory. They can only be imposed on a case by case basis and must be “effective, proportionate and dissuasive.” There are two tiers of administrative fines. Some contraventions may be subject to administrative fines of up to GBP8.7 million or, in the case of undertakings, 2% of global turnover, whichever is the higher. Other contraventions may be subject to administrative fines of up to GBP17.5 million or, in the case of undertakings, 4% of global turnover, whichever is the higher.

Data Protection in the U.S.

Unlike the UK GDPR, there is no U.S. Federal law applicable to all industry sectors governing the collection, use and disclosure of personal data. Comprehensive data protection laws are regularly introduced in the U.S. Congress, but none have been adopted. At the U.S. Federal level, broad regulation of the collection, use, and disclosure of genetic information and personal information relating to health is limited to providers of healthcare and medical services (and their sub-processors) that are covered by government or commercial insurance programs. In addition, Federal law prohibits the use of genetic information in making employment-related decisions or for insurance underwriting purposes.

Because they are generally outside of the healthcare provider environment, the collection, use and disclosure of personal data by DTC genetic and other health-related or medical tests is regulated only at the state level. These laws are not uniform and they vary in significant ways, resulting in a “patchwork” of different compliance obligations, enforcement mechanisms, and penalties for violations.

Several states have adopted laws to protect genetic information collected by direct-to-consumer testing services. These laws, which vary by state, generally require full disclosure of the company’s security protections, purposes for collection, and marketing and retention practices. They also require express consent to perform the test and disclose the results to third parties, and a process to withdraw consent. Violations may lead to civil fines and even criminal penalties and some states enable consumers to bring a private lawsuit to enforce these protections.

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All states require notification to affected individuals of a breach of the specific types of personal information set out in each state’s law. However, many of these laws do not cover a breach of genetic or any other type of health-related information. Some states, but not all, also require notification of a data breach to the state’s attorney general. State breach notification laws are enforced by the states’ attorneys general and, in some states, consumers have a private right of action.

A number of states require a private company to maintain reasonable safeguards to protect unencrypted, computerized personal information of state residents, including health-related information, against access or acquisition by an unauthorized person. However, only a few states provide guidance as to what security measures are needed to meet the standard of reasonableness.

Three states have adopted data protection laws that have much broader protection and cover all types of personal data that can identify or reasonably be linked to a natural person. Similar laws are under active consideration in other states. These privacy laws have some features that are similar to the protection of personal data in the U.K. GDPR. One such privacy law is currently in effect in California and, in 2023, an expanded law will go into effect in California. In 2023, new privacy laws will become effective in Colorado and Virginia. Each of these privacy laws will treat genetic data as “sensitive” information subject to additional restrictions including, for example, (i) collection only with informed consent, (ii) use only for specified and limited purposes, and (iii) transparency about disclosure to third parties and retention.

Concern is high and increasing among U.S. Federal and state lawmakers and regulators about protecting the security of personal data and prohibiting its undisclosed commercialization or other uses not known to or approved by the individual. We anticipate that government regulation and public expectations for personal data protection, particularly for sensitive genetic and health-related data, will become more demanding over time and require us to stay abreast of new legal developments. In addition to meeting our compliance obligations, we recognize that the perception of personal data concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition, and results of operations.

Regulations and Certifications for Laboratories in Hong Kong

In Hong Kong, there is no mandatory regulatory requirement on the certification or accreditation of a medical laboratory. The Hong Kong Accreditation Service (“HKAS”) provides accreditation for laboratories located in Hong Kong through the Hong Kong Laboratory Accreditation Scheme (“HOKLAS”), a voluntary accreditation scheme launched in 1985.

Accreditation is recognition of the capability of a laboratory to perform specific activities. Accreditation of laboratories in Hong Kong is voluntary and HOKLAS accreditation is based on the requirements of ISO 15189 “Medical laboratories — Requirements for quality and competence” standards, and involves a series of stringent on-site inspections by a team of independent specialist assessors. The assessors’ findings and reports are evaluated by the Accreditation Advisory Board which makes recommendations in respect of a laboratory’s fitness to be accredited. The inspections cover the management and technical capabilities of the laboratory, and involve inspection of policies, procedures, records, internal quality management system and calibration of laboratory equipment. Organizations accredited under HOKLAS are required to have their testing and measuring equipment regularly calibrated by a competent calibration organization to establish metrological traceability to the International System of Units. HKAS is a member of the International Accreditation Forum, International Laboratory Accreditation Cooperation and Asia Pacific Accreditation Cooperation. HKAS is also a signatory to the multilateral mutual recognition arrangements of these co-operations. Altogether under these arrangements, HKAS has 106 mutual recognition arrangement partners in 105 economies.

Medical laboratory technologists are regulated under the Cap. 359 Supplementary Medical Professions Ordinance (“SMPO”) and defined to include personnel trained in the practice of processing clinical or medical specimens for the sole purpose of making and reporting on analysis or examination in vitro (the “Profession”). All practicing medical laboratory technologists are required to be registered with the Medical Laboratory Technologists Board (“MLT Board”) under the Department of Health and are required to have a practicing certificate in force. All registered medical laboratory technologists shall comply with the Code of Practice issued by the MLT Board. There must be a Part I registered medical technologist on the Board of Directors of a medical laboratory carrying on the Profession. The laboratory director takes the overall responsibility of the operation of the laboratory, and has to be a qualified pathologist (as advised by the Hong Kong College of Pathologists) or a biomedical scientist satisfying certain specified education and experience requirements. Only Part I registered medical technologists may work independently in a medical laboratory. Medical laboratory technologists registered in Part II and III of the register may only practice under supervision.

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Our laboratory has participated in the voluntary HOKLAS accreditation and is an ISO 15189 accredited medical laboratory providing accredited medical genetics test. Our laboratory is subject to regular and periodic inspections by HKAS. Failure to comply with HOKLAS requirements may result in a removal of our accreditation.

Regulations and Certification for Laboratories in the U.K.

In the U.K., laboratories are regulated under the Good Laboratory Practice Regulations 1999 (“GLPR 1999”). The key regulatory body is the U.K. GLP Monitoring Authority (“UK GLPMA”). In accordance with the GLPR 1999, a “regulatory study” should not be conducted at a test facility unless the operator is a member of the U.K. GLP Compliance Programme. Membership is therefore compulsory for entities carrying out these studies. The term “regulatory study” means a non-clinical experiment or set of experiments in a number of scenarios. Our laboratories are not involved in any “regulatory study,” which means that, in our case, membership of clinical laboratories with the UK GLPMA is voluntary.

The UKAS provides accreditation for laboratories located in the U.K. through their accreditation scheme. UKAS is the sole national accreditation body for the U.K. and is appointed by the government as the national accreditation body to assess laboratories against internationally agreed standards. Accreditation of laboratories in the U.K. is voluntary and UKAS accreditation is based on the requirements of ISO 15189 “Medical laboratories — Requirements for quality and competence” standards, and involves a series of stringent on-site inspections by UKAS-approved pathologists and scientists. The inspections cover the management and technical capabilities of the laboratory, and involve inspection of policies, procedures, records, internal quality control and external quality assurance programs, and verification and validation of laboratory equipment. UKAS’ involvement in international groups, such as European Accreditation, International Accreditation Forum and International Laboratory Accreditation Cooperation, provides for international recognition of accredited laboratories.

We use third-party laboratories that are UKAS accredited to either ISO 15189 or ISO 17025. Our U.K. laboratory is also participating in a voluntary UKAS accreditation process to become an ISO15189- and ISO 22870-accredited medical laboratory providing accredited COVID-19 testing, both in a lab setting and a POC setting. While we have not attained UKAS accreditation yet, we are currently allowed to provide COVID-19 tests pursuant to the program of UKAS and the Department for Health and Social Care (“DHSC”) for COVID-19 testing providers. Under this program, providers who are a UKAS applicant for ISO 15189 or ISO 17025 may self-declare that their service meets minimum requirements for test providers. UKAS will assess the self-declaration form to ensure the requirements are met and recommend that the provider be added to DHSC’s list of providers. This enables a provider to continue providing services, while working towards full UKAS accreditation. Even after obtaining full UKAS accreditation, our laboratory is expected to be subject to regular and periodic inspections by UKAS. Laboratories are assessed every two years and have to renew their registrations every year, confirming that they are continuing to operate in compliance with required standards. Failure to comply with UKAS requirements may result in a removal of our accreditation.

The doctors and scientists who work in our laboratory are registered with the General Medical Council (“GMC”) and the Health and Care Professions Council (“HCPC”). Medical and lab staff are subject to GMC and HCPC codes and licensing as part of their professional qualifications and certifications. The registration status of individual professionals is available on the websites of GMC and HCPC.

Regulations and Approval Process for the Marketing and Sale of IVD Devices in Hong Kong

There is no legislation directly regulating the manufacture, import, export, sale and use of medical devices or IVD devices in Hong Kong. However, there is a voluntary registration system administered by the Medical Device Administrative Control System (“MDACS”). The Medical Device Division (“MDD”), operating under the Department of Health, is responsible for implementing and administering the MDACS.

Registration under the MDACS provides assurance that the medical device conforms to accepted standards of safety and performance. In order for a device to be listed, the manufacturer of its designated local responsible person (“LRP”) must complete an application form together with supporting documents and labelling samples demonstrating conformity with the essential principles of safety and performance of medical devices. Supporting documents required include proof of marketing authorization from a recognized jurisdiction, proof of quality management system (e.g. ISO 13485), proof of risk management system (e.g. ISO 14971), test reports of the device’s chemical, physical and biological properties, and a performance evaluation report including evaluation of analytical performance and clinical performance to establish that the IVD device achieves its intended purpose. Upon approval of the application, the device is assigned a Hong Kong medical device number and listed in the MDD’s database.

In addition to fulfilling the application, a manufacturer or LRP who has listed its device must comply with various post-market obligations, including reporting and investigation of adverse events. Under the adverse event reporting system, if a reportable adverse event concerning a listed device happens in Hong Kong, it must be reported by the LRP to the MDD. The responsibility for investigating the event falls on the LRP. Upon completing the investigation, the LRP must submit to the MDD a report detailing its findings and recommendations. Although the current regulatory regime in Hong Kong is voluntary, the Hong Kong government has indicated that the MDACS was set up to facilitate transition to long-term statutory control pending enactment of legislation.

Regulations and approvals for the marketing and sales of IVD devices in the U.K.

The U.K. exited the European Union on January 31, 2020. The transition period in the Withdrawal Agreement ended on December 31, 2020. With effect from January 1, 2021, the Directive 98/79/EC, or EU IVDD, which is still in force in the European Union, was retained in U.K. law. While the EU IVDD will be replaced by Regulation (EU) 2017/746 (“EU IVDR”) in the European Union from May 26, 2022, the U.K. regulatory regime remains aligned with the EU IVDD, although this is likely to change by July 2023. Consultation processes are currently underway in the U.K. for purposes of updating the medical device regulatory regime in the U.K.

IVD devices are currently regulated in the U.K. by UK MDR 2002, which implements the EU IVDD into U.K. law. The UK MDR 2002 read with the EU IVDD sets out the essential safety, health, design and manufacturing requirements that an IVD device must meet. For professional-use IVD devices, the manufacturer must ensure that the devices meet essential safety requirements and maintain technical documentation to prove compliance before self-declaring conformity to the EU IVDD and placing a CE-IVD on the device. For home-use IVD devices, the manufacturer must also engage a third-party assessment body to examine the device and certain accompanying information, and is only permitted to sell the device after the assessment body issues a certificate of compliance. By affixing the CE-IVD marking to an IVD device, a manufacturer declares that the product meets all the legal requirements for CE marking and can be sold throughout the European Economic Area, subject to national laws on registration. The U.K. will continue to recognize CE marking on IVD devices placed on the Great Britain market until June 30, 2023, thereafter, the U.K. Conformity Assessed marking will be required. Likewise, certificates issued by European Union-recognized notified bodies will continue to be valid for the Great Britain market until June 30, 2023. By contrast, since January 1, 2021, U.K. based approved bodies are no longer recognized in the European Union.

Since January 1, 2021, the U.K. has established a new route for IVD device manufacturers wishing to place a device on the U.K. market by registering with the MHRA. Under the MHRA requirements, IVD devices must meet essential requirements according to Part IV UK MDR 2002 Annex I and be registered with the MHRA. General IVD devices must be registered with the MHRA January 1, 2022, while self-test IVD devices had to be registered with the MHRA by September 1, 2021. For general IVD devices, a manufacturer self-certifies its compliance. For self-test IVD devices, a manufacturer must lodge an application with a U.K. approved body for examination of the device. Once approval is obtained, the device may be affixed with the U.K. Conformity Assessed marking and placed on the U.K. market. Any manufacturer based outside the U.K. will also have to appoint a U.K. responsible person who will take responsibility for the product in the U.K.

Any manufacturer based outside the U.K. will also have to appoint a U.K. responsible person who will take responsibility for the device in the U.K., including responding to MHRA and post-market surveillance of the device. The U.K. responsible person will also need to work with the manufacturer and the MHRA to implement systems, including reporting to the MHRA malfunctions or deteriorations in a device, inadequacies in labelling or instructions for use that might lead to or have led to a serious health effect in a user, and any technical or medical reasons for a systematic recall of the device. The responsible person and the manufacturer are also required to carry out necessary corrective and preventive action as a result of any complaints or safety issues.

Generally, from a European Union perspective, the EU IVDD is a European Union directive, and is not automatically implemented into national laws of each European Union Member State. In May 2022, EU IVDR will come into force in the European Union, and will be directly applicable in every European Union Member State. Under the EU IVDR, all IVD devices, whether for home use or professional use, will have to undergo third-party assessment.

Regulations and approvals for the marketing and sales of IVD devices in the U.S.

In the U.S., IVD devices are regulated extensively by the FDA in accordance with the Federal Food, Drug, and Cosmetic Act and its implementing regulations (“FDCA”). IVD devices are subject to pre-market and post-market controls to assure their safety and effectiveness.

The FDA regulates the development, testing, manufacturing, safety, efficacy, labeling, packaging, storage, recordkeeping, pre-market clearance or approval, import, export, adverse event reporting, marketing and distribution of medical devices in the U.S. to ensure that medical devices distributed domestically are safe and effective for their intended uses and meet the requirements of the FDCA. Failure to comply with applicable requirements may subject a device and/or its manufacturer to a variety of administrative sanctions, such as FDA refusal to approve pending pre-market applications, issuance of Warning Letters and Untitled Letters, issuance of FDA Form 483 inspectional observations, mandatory product recalls, import detentions, civil monetary penalties, and/or judicial sanctions, such as product seizures, injunctions and criminal prosecution. If any of these events were to occur to us, it could have a negative impact on our business, financial condition and operations.

The FDA extensively regulates the advertising and promotion of medical devices to ensure that the claims made are consistent with the applicable regulatory clearances and approvals, that there are adequate and reasonable data to substantiate the claims made, and that promotional labeling and advertising is neither false nor misleading in any respect. If the FDA determines that any of our advertising or promotional claims are misleading, not substantiated or not permissible, we may be subject to enforcement actions, and we may be required to revise our promotional claims and make other corrections or restitutions.

The FDA extensively regulates medical devices and requires extensive information for many medical devices prior to marketing.

The FDA’s premarket controls over medical devices involve approval or clearance via a 510(k) pre-market submission (“510(k) Submission”), De Novo classification request (“De Novo Request”), or a pre-market approval (“PMA”), unless an exemption applies. During public emergencies, when the Department of Health and Human Services (“HHS”) Secretary declares that an emergency use authorization is appropriate, the FDA Commissioner may also grant EUAs for therapeutic products including medical devices and IVDs.

A 510(k) Submission requires a demonstration that the device to be marketed is at least as safe and effective as, that is, substantially equivalent to, a legally marketed predicate device. A 510(k) Submission does not generally require clinical data. The 510(k) Submission generally takes from three to nine months from the date the application is accepted for review but can take longer.

A De Novo Request provides a pathway to classify novel medical devices for which there is no legally marketed predicate device. To obtain marketing authorization, an applicant must show that the device is low to moderate risk, such that it can be reclassified as a Class I or Class II medical device. The De Novo Request usually requires more testing data than a 510(k) Submission, and often requires clinical data to support a finding by the FDA. The average review time for a De Novo Request is 9 to 12 months but can take longer.

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A PMA is generally required for a Class III medical device, and requires an applicant to provide clinical and laboratory data that establishes that the new medical device is safe and effective. The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA application constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use. PMA applications generally require extensive data, including technical, preclinical, clinical and manufacturing data, to demonstrate to the FDA's satisfaction with the safety and effectiveness of the device. In addition, the FDA will conduct an inspection of the manufacturing facility or facilities to ensure compliance with Quality System Regulations (21 CFR Part 820), which requires manufacturers to follow design, testing, control, documentation and other quality assurance procedures. If the FDA evaluations of both the PMA application and the manufacturing facilities are favorable, then the FDA will either issue an approval letter or an approvable letter, which usually contains a number of conditions that must be met in order to secure the final approval of the PMA. Once granted, PMA approval may be withdrawn by the FDA in certain exceptional circumstances such as if compliance with post-approval requirements, conditions of approval or other regulatory standards is not maintained or FDA identifies safety or efficacy problems are identified following initial marketing. The average review time for a PMA application is approximately one to two years but can take longer.

An EUA allows the use of unapproved medical devices to be used during a public emergency to diagnose, treat, or prevent serious or life-threatening diseases or conditions when the following statutory criteria have been met: (i) a serious or life-threatening condition exists that has been recognized as an emergency by the U.S. government; (ii) there is supporting evidence of effectiveness of the medical devices; (iii) a risk-benefit analysis shows that the benefits of the device outweigh the risks; and (iv) no other alternatives exist for diagnosing, preventing or treating the disease or condition. Evidence of effectiveness includes medical devices that "may be effective" to prevent, diagnose, or treat the disease or condition identified in a declaration of emergency issued by the Secretary of HHS. The FDA assesses the potential effectiveness of a possible EUA product on a case-by-case basis using a risk-benefit analysis. In determining whether the known and potential benefits of the product outweigh the known and potential risks, the FDA examines the totality of the scientific evidence to make an overall risk-benefit determination. Such evidence, which could arise from a variety of sources, may include (but is not limited to) results of domestic and foreign clinical trials, in vivo efficacy data from animal models, and in vitro data. The FDA will also assess, the quality and quantity of the available evidence.

Once granted, an EUA will remain in effect and generally terminate on the earlier of (i) the determination by the Secretary of HHS that the public health emergency has ceased or (ii) a change in the approval status of the product such that the authorized use(s) of the product are no longer unapproved. After the EUA is no longer valid, the product is no longer considered to be legally marketed and one of the FDA's non-emergency pre-market pathways would be necessary to resume or continue distribution of the device. The FDA also may revise or revoke an EUA if the circumstances justifying its issuance no longer exist, the criteria for its issuance are no longer met, or other circumstances make a revision or revocation appropriate to protect public health or safety.

On January 31, 2020, the Secretary of HHS issued a declaration of a public health emergency related to COVID-19 and on February 4, 2020, the HHS determined that COVID-19 represents a public health emergency that has a significant potential to affect national security or the health and security of U.S. citizens living abroad. On March 24, 2020, the HHS declared that circumstances exist to justify EUA for medical devices, including alternative products used as medical devices, during the COVID-19 pandemic, subject to the terms of any authorization as issued by the FDA. On February 29, 2020, the FDA issued a guidance with policy specific to development of IVD tests during the COVID-19 public health emergency. This guidance was updated on March 16, 2020, May 4, 2020, and May 11, 2020. The FDA may revise or withdraw this guidance in the future. We intend to obtain FDA EUA approval under this guidance, and are in the process of carrying out and preparing for usability studies and clinical trials in the U.S., the U.K. and Hong Kong to support the EUA submission. If the data gathered to support the EUA does not produce the needed results, we will be unable to obtain EUA authorization from the FDA, which could harm our growth potential. Furthermore, we could incur substantial costs and take additional time in order to gather such data to support approval, which could affect our business, financial condition, and operations. Additionally, even if we are granted EUA authorization, it may include significant limitations on the indicated uses of the product, which may limit the market for the product.

All manufacturing and distribution operations for medical devices sold in the U.S. are subject to the FDA's Quality System Regulation ("QSR") standards. As such, if we obtain approval or clearance from the FDA for a medical device, we will be subject to continual review and inspections to assess compliance with the QSR standards and adherence to commitments made in any 510(k) or PMA application. Manufacturers of medical device products often encounter difficulties in production, including difficulties with production costs and yields, quality control, quality assurance testing, shortages of qualified personnel, as well as compliance with strictly enforced FDA requirements, other federal and state regulatory requirements, and foreign regulations, to the extent applicable. Failure by us to manufacture products in compliance with the QSR standards, or if our manufacturing facility suffers disruptions, supply chain issues, machine failures, slowdowns or disrepair, then we may not be able to fulfil customer demand and our business would be harmed.

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After receiving approval for marketing IVD devices, the FDA may require post-market surveillance for Class II and Class III medical devices when deemed by the FDA to be necessary to protect public health or to provide additional safety and effectiveness data for the device. The FDA can also order post-market surveillance as a response to adverse event reports, to assess safety and effectiveness of devices that have undergone limited pre-market testing, or to obtain more information on device performance.

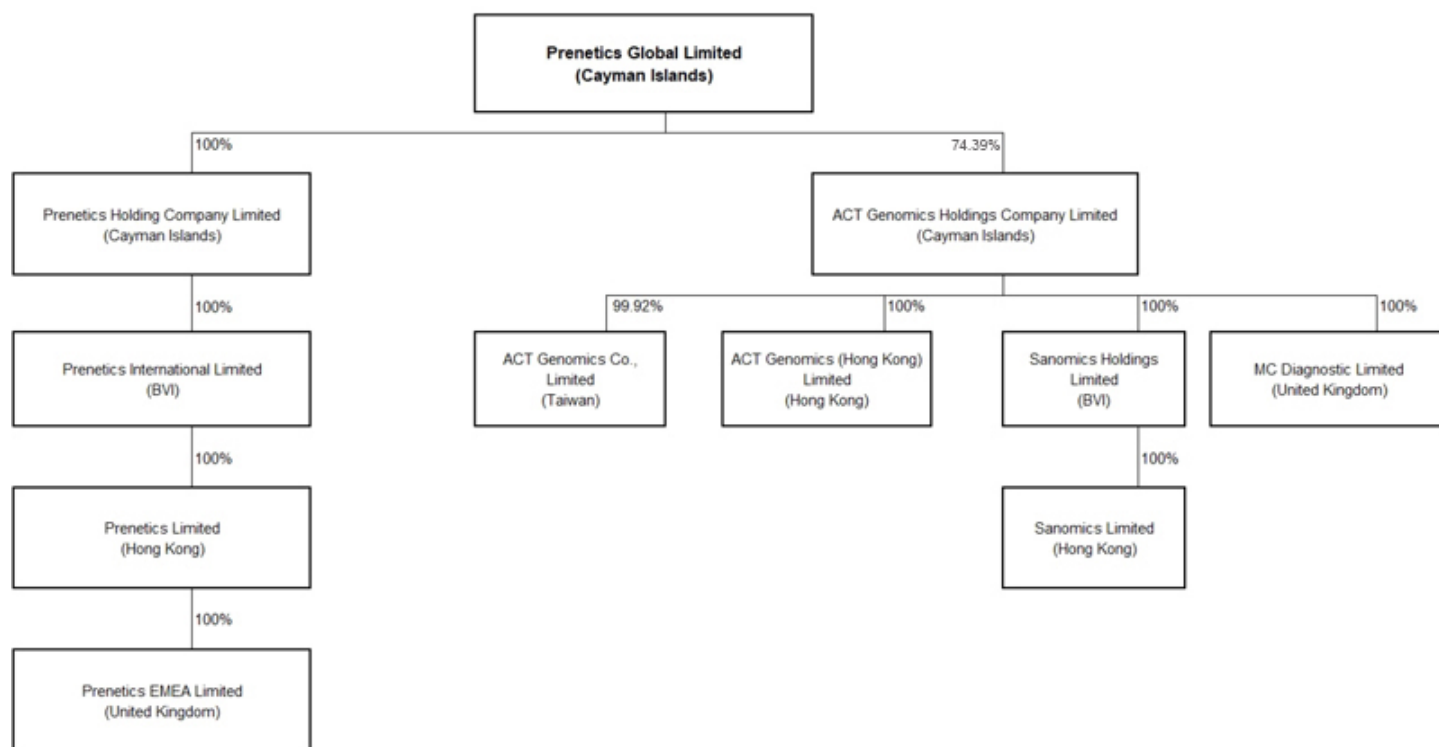
Medical device recalls are usually conducted voluntarily by a manufacturer. Manufacturers and importers are required to make a report to the FDA detailing any correction or removal of a medical device(s) if the correction or removal was initiated to reduce a risk to health posed by the device or to remedy a violation of legislation caused by the device which may present a risk to health. Where the manufacturer or importer fails to voluntarily recall a device that is a risk to health, the FDA may issue a recall order to the manufacturer. If the FDA were to ever issue a recall regarding our products, this could have a negative impact on our business, financial condition and operations.

Regulations and approvals for the marketing and sales of IVD devices in other countries

When marketing and selling our IVD devices in other countries, we are subject to foreign regulatory requirements which vary by jurisdiction, and may involve additional registrations, restrictions and clinical or validation studies. Some countries recognize CE-IVD, declaration of conformity, and/or the FDA 510(k), PMA or EUA to support an application. For example, in Indonesia, IVD devices need to be registered with the Indonesian Ministry of Health. A CE certificate and declaration of conformity may be used to support the application. In Malaysia, IVD devices are regulated by the Medical Device Authority under the Medical Device Act 2012 (Act 737). However, COVID-19 test kits are exempt from registration through the Medical Devices (Exemption) Order 2016. An importer or supplier is only required to notify the Medical Device Authority to obtain permission to import or supply COVID-19 test kits for professional use. In Thailand, our IVD device may be considered for special access registration for COVID-19 testing. This involves a submission to the Thai Food and Drug Administration and a submission of 100 sample tests to the National Institute of Health of Thailand for local performance validation tests. The process is expected to take approximately 30 working days.

C. Organizational Structure

The following diagram depicts a simplified organizational structure of the Company as of the date of this annual report.



D. Property, Plants and Equipment

Our headquarters is located in Hong Kong. We have leased office space in Hong Kong, the U.K. and South Africa, among others. For our Hong Kong headquarters, we have leased office space totaling approximately 12,000 square feet. Our corporate head office space is used for management, sales and marketing, in-house R&D coordination, technology support, and general administrative activities. In addition, we operate 10 laboratories in Hong Kong, Taiwan, Japan and Thailand. Our laboratories are accredited by various organizations, including the Hong Kong Laboratory Accreditation Scheme, operated by the Hong Kong Accreditation Service, the Thailand Department of Medical Science, Ministry of Health, and the College of American Pathologists.

We believe that our existing facilities are sufficient for our current needs, and we will obtain additional facilities, principally through leasing, to accommodate our future expansion plans as needed.

ITEM 4.A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this annual report. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements as a result of many factors, including those factors set forth in the sections titled “Item 3. Key Information – D. Risk Factors” and “Forward-Looking Statements.” We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Overview

We are an innovative genomics and precision oncology company that has devised an innovative strategy to integrate early detection for cancer, targeted therapy and direct-to-consumer genetic testing services into one comprehensive platform. Our mission is to revolutionize healthcare by integrating consumer health and genetics, and breaking through technology for early cancer detection, targeted treatments and genetic risk identification. By offering a broad range of genomic testing services, we are well-positioned to serve both the consumer health and clinical testing markets.

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Our current offerings include consumer genetic testing, early colorectal cancer screening, cancer prevention, monitoring and treatment, COVID-19 testing, and rapid point of care and at-home diagnostic testing. We have been offering CircleDNA, our in-house developed consumer genetic testing service globally since November 2019 and have delivered more than 300,000 (including DNAFit) test kits to consumers as of December 31, 2022. In June 2022, we launched ColoClear, a non-invasive stool DNA test for the early detection of colorectal cancer. In October 2022, we launched Circle Snapshot, an off-the-shelf at-home blood test through which individuals can get digital access to their own health information. In December 2022, we acquired ACT Genomics Holdings Company Limited, an Asia-based genomics company specializing in precision oncology, thereby furthering our ambitions in precision oncology.

Key Factors Affecting Results of Operations

Our results of operations are affected by the following company-specific factors.

Ability to Grow Existing Revenue Streams

The future commercial success of our existing diagnostic and preventive products and services is dependent on our ability to broaden our customer base across the Hong Kong and the U.K. markets and expand our presence in other markets in Asia and EMEA. We believe there is substantial market opportunity for our diagnostic and genetic testing products from all customer channels in these new markets given the substantial aggregate market size and the rising awareness of the importance of health diagnosis and prevention. We intend to leverage our success and brand recognition in our existing markets to expand our regional and global presence in terms of both of our diagnostic and preventive products and services. To support our geographical expansion, we will need to hire more qualified personnel such as local researchers and consultants, as well as develop an effective sales and marketing strategy alongside building our customer support team.

Ability to Develop and Grow Future Revenue Streams

A key part of our growth strategy is to expand the suite of our commercially available tests to include other diseases, ailments and general health markers, which we expect will support our growth and continue to enhance the strengths and value of our platform. We officially launched ColoClear, a non-invasive stool DNA test for the early detection of colorectal cancer in June 2022, and launched Circle SnapShot, an at-home painless blood test, in August 2022. We acquired ACT Genomics in December 2022, thereby expanding our offerings to a comprehensive line of advanced genomic tests in cancer diagnosis, treatment and prevention. We intend to draw on our experienced R&D teams, market leading technologies, accumulated customer insights and effective sales and marketing strategies to add more diversified and personalized products to our product portfolio, engage more customers and achieve faster commercialization. To expand our portfolio of testing products and bring additional products to commercialization, we intend to continue to make significant investments in our business, particularly in research and development, as well as in sales and marketing.

Investments in In-house R&D Capability

We believe that our in-house R&D capability is one of our key competitive strengths, and we intend to continue to invest in R&D to expand our R&D capability and the scope of our product offerings. We also intend to continue engaging New Horizon Health alongside our in-house experts and scientific advisory board, whereby we would leverage these synergistic relationships and capture the resulting benefits to advance the development and launching of various new products in our pipeline.

Investments in Sales and Marketing

We expect to make continued significant investments in our business to drive growth, and therefore we expect our expenses to increase going forward. In particular, in order to further enhance our brand recognition and awareness among our existing and target customers as we expand our geographic presence, we expect to invest significant resources in sales and marketing to drive demand for our existing and future products and services. As part of our global sales and marketing efforts, we plan to strengthen our collaboration with celebrity brand ambassadors and key opinion leaders, or KOLs, and we may also, from time to time, deploy mass media campaigns such as billboard advertisements to promote our products and services.

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Growth Through Strategic Acquisitions

We expect to continue to selectively pursue business combination opportunities in a highly disciplined manner, make strategic investments in, and acquisitions of, other businesses that we believe will expand our product offerings, attract more customers, and otherwise enhance our global presence. Historically, we have made a number of critical strategic investments and acquisitions to enhance our platform and attract consumers. Our acquisition of DNAFit in 2018 provided us with the foundation to grow our U.K. business and we have been successful in growing that business. Our acquisition of Oxsed in 2020 provided us with the support of nucleic acid amplification technology which is the technological building block to our COVID-19 testing kits. For the years ended December 31, 2020 and 2021, our U.K. business contributed to approximately half of our revenue. For the year ended December 31, 2022, our U.K. business contributed to approximately one third of our revenue. For the year ended December 31, 2022, we underwent a rebalancing of resources to improve efficiency, reduce costs in less strategic areas, and deploy resources and capital to areas of high priority, specifically in precision oncology. In December 2022, we acquired ACT Genomics, a precision oncology company which has enabled us to expand our capacity in precision oncology. Through its comprehensive line of genomic test services, ACT Genomics provides oncologists and patients with advanced genomic testing and analysis technologies to improve cancer diagnosis, treatment and prevention.

We plan to seek bolt-on opportunities that will provide the right platform and/or technology for us to continue to grow our diagnostic and preventive healthcare businesses and to further expand our geographical footprint. Acquisitions will result in acquisition-related costs, which are expensed as they are incurred.

Key Components of Results of Operations

Revenue

The table below presents our revenue by business segment for the years indicated. For the year ended December 31, 2022, prevention service and diagnostics service and product accounted for 6% and 94% of our total revenue, respectively. For the year ended December 31, 2021, prevention service and diagnostics service and product accounted for 6% and 94% of our total revenue, respectively. For the year ended December 31, 2020, prevention service and diagnostics service accounted for 22% and 78% of our total revenue, respectively.

	Year Ended December 31,		
	2022	2021	2020
	(\$ in thousands)		
Prevention	15,774	16,572	14,265
Diagnostics	259,987	259,281	50,915
Total Revenue	<u>275,761</u>	<u>275,853</u>	<u>65,180</u>

The table below presents our revenue by region for the years indicated.

	Year Ended December 31,		
	2022	2021	2020
	(\$ in thousands)		
Hong Kong	210,934	124,927	35,412
United Kingdom	64,827	150,926	29,768
Total Revenue	<u>275,761</u>	<u>275,853</u>	<u>65,180</u>

For our prevention services, we primarily generate revenue from the provision of preventive services which are genetic testing services to individuals and corporate customers for their employees and customers. Our revenue from the Prevention segment is generally recognized when the testing results or reports are delivered to our customers, except for one category of the genetic test kits for which we have an additional distinct performance obligation to provide customers with free future updates on new features, reports and categories, which we refer to as “update services.”

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For our diagnostics services, we primarily generate revenue from the provision of diagnostic services which are primarily COVID-19 testing to individuals, corporate customers for their employees and customers and governments for community testing. Our revenue from the diagnostics services is recognized when the testing results or reports are delivered to our customers. For sales of Circle HealthPod and single-use capsule sets, we recognize revenue, less an estimate of expected returns, at the point in time when the products have been accepted by customers which is generally when we satisfy the associated performance obligation.

Direct Costs, Gross Profit, and Gross Margin

Our direct costs primarily consist of direct material costs including for purchasing test kit materials from our suppliers, service fees and charges including WES sequencing cost for our prevention services and external lab testing fee for our diagnostic services, lab equipment depreciation, staff costs and shipping cost. In the short term, we expect our direct costs to decrease on an absolute dollar basis as we expect the demand of COVID-19 testing services to be minimized in 2023 resulting in a decrease in cost of materials and staff costs. We also expect our direct costs associated with our prevention services to gradually decrease mainly because we expect that the WES sequencing fees for CircleDNA will steadily decrease over the time. We also expect that external lab testing fees for COVID-19 tests processing will significantly decrease after we build our in-house lab testing capabilities, which was completed in June 2021. To the extent we are successful in becoming more efficient in our operations, we would expect direct cost as a percentage of revenue to decrease in the long term.

Our gross profit represents our total revenue less total direct costs, and our gross margin is our gross profit expressed as a percentage of our total revenue. We expect our gross profit and gross margin to increase in the long term as we achieve economies of scale through reducing direct costs as a percentage of revenue by building in-house testing capabilities.

Other Income and Other Net Gains/(Losses)

Other income and other net gains/(losses) primarily consist of government subsidies, bank interest income, dividend income, net foreign exchange losses and sundry income.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising and marketing expenses, allocated staff costs, exhibition and seminar fees and other marketing and distribution expenses.

We plan to continue to collaborate with celebrity brand ambassadors and KOLs, and deploy other marketing and advertising campaigns to increase our brand awareness and attract and retain customers, as we look to commercialize new products and expand our product offerings. We expect that our selling and marketing expenses will increase on an absolute dollar basis, but in the long term, will decrease as a percentage of revenue.

Research and Development Expenses

Research and development expenses primarily consist of allocated R&D staff and related costs, costs associated with clinical studies or equity-settled share-based payment expenses, production expenses, product infrastructure expenses and amortization on capitalized R&D costs.

We plan to continue to hire specialized R&D employees, invest in new technologies and work on research projects, clinical trials and prototype development in relation to development of our pipeline products as we go through a high growth phase and plan to expand our product offerings. We expect that our research and development expenses will increase on an absolute dollar basis and as a percentage of revenue in the near future.

Restructuring Costs in Relation to Diagnostic Business

Restructuring costs in relation to diagnostic business consist of impairment of intangible assets, impairment of goodwill, impairment losses on property, plant and equipment and write-off of prepayment.

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Administrative and Other Operating Expenses

Administrative and other operating expenses primarily consist of staff costs, consultancy fees, enterprise infrastructure fees, restructuring costs, legal and professional service fees, depreciation and amortization expenses.

We expect that our administrative and other operating expenses as a percentage of revenue will decrease in the longer term as we expand our revenue streams and our business achieves scale. However, in the short term, we expect to incur additional expenses as a result of operating as a public company, including expenses to comply with the rules and regulations applicable to companies listed on a national securities exchange, expenses related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as higher expenses for general and director and officer insurance, investor relations, and professional services, and expect that our administrative and other operating expenses will increase on an absolute dollar basis as we improve various office infrastructure and operate as a public company.

Finance Costs

Finance costs primarily consist of interest expenses on lease liabilities, interest expenses on trade financing and changes in the carrying amount of preference shares liabilities. If we decide to finance our growth with bank or other interest-bearing loans or issue debt securities, we would expect our finance costs to increase.

Fair Value Loss on Financial Assets at Fair Value Through Profit or Loss

Fair value loss on financial assets at fair value through profit or loss relates to the changes in the fair value of the financial assets which are measured at fair value through profit or loss.

Share-Based Payment on Listing

Share-based payment on listing relates to the excess fair value of consideration transferred over the fair value of Artisan's identifiable net assets acquired. This acquisition of the net assets of Artisan has been accounted for as a share-based compensation for the service of a stock exchange listing and is charged to our profit and loss upon the completion of the transaction.

Fair Value Loss on Preference Shares Liabilities

Fair value loss on preference share liabilities relates to the changes in the fair value of the conversion features of preference shares which are measured at fair value through profit or loss.

Fair Value Gain on Warrant Liabilities

Fair value gain on warrant liabilities relates to the changes in the fair value of the warrants which are issued for the de-SPAC transaction and measured at fair value through profit or loss. The warrants are exercisable from May 18, 2022 and will expire on May 18, 2027.

Income Tax (Expenses)/Credit

We are subject to income taxes in the jurisdictions in which we do business. These jurisdictions have different statutory tax rates. Accordingly, our effective tax rate will vary depending on the relative proportion of income derived in each jurisdiction, use of tax credits, changes in the valuation of our deferred tax assets, and liabilities and changes in respective tax laws. We expect our income tax expense position to increase as the tax losses in Hong Kong have been utilized during the year ended December 31, 2021.

Other Comprehensive Income

Other comprehensive income mainly represents foreign exchange rate differences on translation of financial statements of our subsidiaries outside of Hong Kong, and the change is mainly due to the change in foreign exchange rate as at each reporting date compared to the reporting date of the prior year.

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Results of Operations

The following table sets forth our consolidated statements of profit or loss and other comprehensive income and their respective dollar amount and percentage change for the years presented. Following the table, we discuss our results of operations for the year ended December 31, 2022 compared to the year ended December 31, 2021 and for the year ended December 31, 2021 compared to the year ended December 31, 2020.

	Year Ended December 31,		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
	\$ in thousands		
Revenue	275,761	275,853	65,180
Direct costs	(144,206)	(169,722)	(38,835)
Gross profit	131,555	106,131	26,345
Other income and other net gains/(losses)	405	139	(315)
Selling and distribution expenses	(13,301)	(21,932)	(6,493)
Share of loss of a joint venture	—	—	(1,133)
Research and development expenses	(15,519)	(10,564)	(2,782)
Restructuring costs in relation to diagnostic business	(30,379)	—	—
Administrative and other operating expenses	(96,064)	(83,991)	(16,617)
Loss from operations	(23,303)	(10,217)	(995)
Fair value loss on financial assets at fair value through profit or loss	(9,364)	(94)	—
Share-based payment on listing	(89,547)	—	—
Fair value loss on convertible securities	—	(29,055)	(2,847)
Fair value loss on preference shares liabilities	(60,091)	(125,399)	—
Fair value gain on warrant liabilities	3,197	—	—
Write-off on amount due from a shareholder	—	(106)	—
Gain on bargain purchase	—	117	—
Loss on disposal of a subsidiary	—	(292)	—
Other finance costs	(4,198)	(5,238)	(60)
Loss before taxation	(183,306)	(170,284)	(3,902)
Income tax (expense)/credit	(7,147)	(3,733)	1,938
Loss for the year	(190,453)	(174,017)	(1,964)
Other comprehensive income for the year	(4,843)	260	1,581
Total comprehensive income for the year	(195,296)	(173,757)	(383)

Comparison of the Year Ended December 31, 2022 and December 31, 2021

Revenue

	Year Ended December 31			
	<u>2022</u>	<u>2021</u>	<u>\$Change</u>	<u>% Change</u>
	(\$ in thousands, unless otherwise stated)			
Prevention	15,774	16,572	(798)	-5%
Diagnostics	259,987	259,281	706	0%
Total Revenue	275,761	275,853	(92)	0%

Our revenue remained steady for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

Prevention. The revenue generated by our preventive testing service decreased by \$0.8 million, or 5%, from \$16.6 million for the year ended December 31, 2021 to \$15.8 million for the year ended December 31, 2022. The decrease was attributable primarily to the focus on diagnostics services.

Diagnostics. The revenue generated by diagnostics testing service increased by \$0.7 million, or 0%, from \$259.3 million for the year ended December 31, 2021 to \$260.0 million for the year ended December 31, 2022. The increase was attributable primarily to contract awards for provision of COVID-19 testing services granted by the Hong Kong government.

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Direct Costs, Gross Profit and Gross Margin

Total direct costs decreased by \$25.5 million, or 15%, from \$169.7 million for the year ended December 31, 2021 to \$144.2 million for the year ended December 31, 2022. The decrease in direct costs was attributable primarily to the decrease in various costs associated with COVID-19 test kits, including direct material costs of test kits, service and other charges, and staff costs, while there was a slightly increase in the sales volume of our COVID-19 testing services.

Our gross profit increased by \$25.4 million, or 24%, from \$106.1 million for the year ended December 31, 2021 to \$131.6 million for the year ended December 31, 2022. The increase in gross profit was primarily due to the decrease in direct costs outpacing the decrease in revenue.

Our gross margin increased from 38.5% for the year ended December 31, 2021 to 47.7% for the year ended December 31, 2022, due to the cost improvement of COVID-19 testing services in 2022.

Other Income and Other Net (losses)/Gains

Other income and other net losses or gains increased by \$0.3 million, or 191%, from \$0.1 million for the year ended December 31, 2021 to \$0.4 million December 31, 2022. The increase in other income and other net losses or gains was primarily due to increase of government subsidies under anti-epidemic fund and the bank interest income from the short-term deposits.

Share-based Payment of Listing

The stock exchange listing service has been measured as the excess of fair value of the Company's Class A Ordinary Shares issued to acquire Artisan over the fair value of Artisan's identifiable net assets acquired (including the warrants), with the amount expensed as incurred of \$89.5 million for the year ended December 31, 2022.

Selling and Distribution Expenses

Selling and distribution expenses decreased by \$8.6 million, or 39%, from \$21.9 million for the year ended December 31, 2021 to \$13.3 million for the year ended December 31, 2022. The decrease in selling and distribution expenses was primarily due to a decrease in advertising expenses.

Research and Development Expenses

Research and development expenses increased by \$5.0 million, or 47%, from \$10.6 million for the year ended December 31, 2021 to \$15.5 million for the year ended December 31, 2022. The increase in research and development expenses was primarily attributable to the increase in staff costs and equity settlement share-based payment expenses, which was due primarily to the expansion of the size of our R&D team with the launch of Circle SnapShot.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by \$12.1 million, or 14%, from \$84.0 million for the year ended December 31, 2021 to \$96.1 million for the year ended December 31, 2022. The increase in administrative and other operating expenses was due primarily to an increase in staff costs as a result of our increased hiring efforts related to support business expansion.

Other Finance Costs

Other finance costs decreased by \$1.0 million, or 20%, from \$5.2 million for the year ended December 31, 2021 to \$4.2 million for the year ended December 31, 2022. The decrease was mainly attributable to the finance cost incurred in connection with the corporate restructuring, which resulted in amortization cost of Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series E Preferred Shares in connection with the redemption right attached to such Preferred Shares, which was converted as an equity on May 18, 2022. No other finance costs have been incurred in connection with the preference shares after May 18, 2022.

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Fair Value Gain on Warrant Liabilities

Fair value gain on warrant liabilities was \$3.2 million for the year ended December 31, 2022, which relates to the changes in the fair value of the warrants which are issued for the de-SPAC transaction and measured at fair value through profit or loss.

Fair Value Loss on Preference Shares Liabilities

Fair value loss on preference shares liabilities was \$60.1 million for the year ended December 31, 2022, which relates to the changes in the fair value of the conversion features of preference shares which are measured at fair value through profit or loss.

Comparison of the Year Ended December 31, 2021 and December 31, 2020

Revenue

	Year Ended December 31			
	2021	2020	\$Change	% Change
	(\$ in thousands, unless otherwise stated)			
Prevention	16,572	14,265	2,307	16%
Diagnostics	259,281	50,915	208,366	409%
Total Revenue	<u>275,853</u>	<u>65,180</u>	<u>210,673</u>	<u>323%</u>

Our revenue increased by \$210.7 million, or 323%, from \$65.2 million for the year ended December 31, 2020 to \$275.9 million for the year ended December 31, 2021. The increase was due primarily to a significant increase in the sales volume of our testing services, driven mainly by the increasing demand for our testing services due to the prolonged COVID-19 pandemic.

Prevention. The revenue generated by our preventive testing service increased by \$2.3 million, or 16%, from \$14.3 million for the year ended December 31, 2020 to \$16.6 million for the year ended December 31, 2021. The increase was attributable primarily to an increase in sales volume of CircleDNA, our genetic testing services, which we believe was driven by the rising awareness of the importance of health diagnosis and prevention following COVID-19. In addition, we believe the increase was driven by enhanced brand awareness and customer recognition of our products resulting from our promotional and marketing efforts in our existing markets and new markets including the U.K., Singapore and Malaysia.

Diagnostics. The revenue generated by diagnostics testing service increased by \$208.4 million, or 409%, from \$50.9 million for the year ended December 31, 2020 to \$259.3 million for the year ended December 31, 2021. The increase was attributable primarily to contract awards for provision of COVID-19 testing services granted by the Hong Kong government and the U.K.

Direct Costs, Gross Profit and Gross Margin

Total direct costs increased by \$130.9 million, or 337%, from \$38.8 million for the year ended December 31, 2020 to \$169.7 million for the year ended December 31, 2021. The increase in direct costs was attributable primarily to the increase in various costs associated with COVID-19 test kits, including direct material costs of test kits, service and other charges, and staff costs, driven by the significant increase in the sales volume of our COVID-19 testing services.

Our gross profit increased by \$79.8 million, or 303%, from \$26.3 million for the year ended December 31, 2020 to \$106.1 million for the year ended December 31, 2021. The increase in gross profit was primarily due to the increase in revenue outpacing the increase in direct cost.

Our gross margin decreased from 40.4% for the year ended December 31, 2020 to 38.5% for the year ended December 31, 2021, due to increase in staff costs to support our expansion of COVID-19 testing services in 2021.

Other Income and Other Net Gains

We had other income and other net gains of \$0.1 million for the year ended December 31, 2021, which were primarily attributable to the \$0.2 million of impairment loss on amount due from joint venture, partially offset by the \$0.3 million of net exchange gains related to the intercompany loan denominated in GBP.

Share of Loss of a Joint Venture

Share of loss of a joint venture was nil for the year ended December 31, 2021 and \$1.1 million for the year ended December 31, 2020. We have written down the carrying amount in our mainland China joint venture to nil as at December 31, 2020, and further share of loss from the joint venture is not recognized since January 1, 2021 since our share of loss exceeds our interest in the joint venture.

Selling and Distribution Expenses

Selling and distribution expenses increased by \$15.4 million, or 238%, from \$6.5 million for the year ended December 31, 2020 to \$21.9 million for the year ended December 31, 2021. The increase in selling and distribution expenses was primarily due to an increase in staff costs and advertising expenses related to the preparation for launch of Circle HealthPod in November 2021.

Research and Development Expenses

Research and development expenses increased by \$7.8 million, or 280%, from \$2.8 million for the year ended December 31, 2020 to \$10.6 million for the year ended December 31, 2021. The increase in research and development expenses was primarily attributable to the increase in staff costs and in equity-settlement share-based payment expenses, which was due primarily to the expansion of the size of our R&D team and an increase in R&D expenses mainly related to the preparation for launch of Circle HealthPod in November 2021.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by \$67.4 million, or 405%, from \$16.6 million for the year ended December 31, 2020 to \$84.0 million for the year ended December 31, 2021. The increase in administrative and other operating expenses was due primarily to an increase in staff costs as a result of our increased hiring efforts to support business expansion.

Finance Costs

Finance costs were \$5.2 million for the year ended December 31, 2021 and \$59,567 for the year ended December 31, 2020. The increase was mainly attributable to the finance cost in connection with the corporate restructuring, which resulted in changes in amortized cost of preference share liabilities in connection with the redemption feature attached.

Fair Value Loss on Convertible Securities

Fair value loss on convertible securities was \$29.1 million for the year ended December 31, 2021, which relates to the remeasurement of the fair value of, as at June 16, 2021, the U.S. dollar-dominated convertible securities we issued in the aggregate principal value of \$12.5 million in June 2020 with the maturity date of August 25, 2021 and the U.S. dollar-dominated convertible securities we issued in the aggregate principal value of \$5.0 million in February 2021 with the maturity date of February 8, 2022. This is primarily attributable to an increase in our equity value.

Fair Value Loss on Preference Shares Liabilities

Fair value loss on preference shares liabilities was \$125.4 million for the year ended December 31, 2021, which relates to the conversion feature of the preference shares that are recognized as derivative financial liabilities and measured at fair value through profit or loss.

B. Liquidity and Capital Resources

We have financed our operations primarily through issuance of ordinary and preferred shares, issuance of convertible securities and cash generated from sales of our genetic and diagnostic test kits. Our primary requirements for liquidity and capital are to finance working capital, capital expenditures and general corporate purposes as well as investment in R&D and potential mergers and acquisition opportunities.

As of December 31, 2022 and December 31, 2021, our principal source of liquidity was our cash balance of \$146.7 million and \$35.3 million, respectively, which was held for working capital purposes. We incurred a net loss after tax of \$190.5 million for the year ended December 31, 2022 and a net loss after tax of \$174.0 million for the year ended December 31, 2021, respectively.

Our positive cash flows from operations were \$14.5 million for the year ended December 31, 2022, while we generated positive cash flows from operations of \$13.4 million for the year ended December 31, 2021. We raised \$146.2 million of cash during the year ended December 31, 2022, through the reversed capitalization.

Between Prenetics HK and its subsidiaries, the cash is transferred from Prenetics HK to its subsidiaries in the form of capital contributions or through intercompany advances. If needed, cash may be transferred between Prenetics HK and its subsidiaries in the United Kingdom, India, Singapore and South Africa through intercompany fund advances and capital contributions, and there are currently no restrictions on transferring funds between Prenetics HK and its subsidiaries in the United Kingdom, India, Singapore and South Africa. Cash generated from Prenetics HK is used to fund operations of its subsidiaries, and no funds were transferred from Prenetics HK's subsidiaries in the United Kingdom to fund operations of Prenetics HK for the years ended December 31, 2020, 2021 and 2022. Under our cash management policy, the amount of intercompany transfer of funds is determined based on the working capital needs of the subsidiaries and intercompany transactions, and is subject to internal approval process and funding arrangements. Our management reviews and monitors our cash flow forecast and working capital needs of the subsidiaries on a regular basis.

The following table summarized the amount of cash transferred in between Prenetics HK to its subsidiaries for the periods presented:

	Year Ended December 31,		
	2022	2021	2020
	(\$ in thousands)		
Net cash transferred from Prenetics HK to UK subsidiaries	—	5,600	4,150
Net cash transferred from Prenetics HK to India subsidiary	1,369	553	235
Net cash transferred from Prenetics HK to Singapore subsidiary	—	—	433

In connection with and prior to the Business Combination, holders of 28,878,277 Artisan Public Shares exercised their right to redeem their shares for cash at a price of approximately \$10.01 per share, for an aggregate price of \$288.9 million. As a result, upon consummation of the Business Combination on May 18, 2022, we raised gross proceeds of approximately \$166.4 million, including \$55.8 million from the PIPE Investment, \$60.0 million from the forward purchase investments, and \$50.6 million from the contribution of cash held in Artisan's trust account from its IPO. Such proceeds were used to pay \$31.8 million of transaction fees and resulted in net cash proceeds of \$134.6 million.

Assuming the exercise of all outstanding warrants for cash, we would receive aggregate proceeds of approximately \$154.6 million. However, we will only receive such proceeds if all the Warrant holders exercise all of their Warrants. The exercise price of our Warrants is \$8.91 per 1.29 shares (or an effective price of \$6.91 per share), subject to adjustment. We believe that the likelihood that warrant holders determine to exercise their warrants, and therefore the amount of cash proceeds that we would receive, is dependent upon the market price of our Class A Ordinary Shares. If the market price for our Class A Ordinary Shares is less than the exercise price of the warrants (on a per share basis), we believe that warrant holders will be very unlikely to exercise any of their warrants, and accordingly, we will not receive any such proceeds. There is no assurance that the warrants will be "in the money" prior to their expiration or that the warrant holders will exercise their warrants. As of June 9, 2022, the closing price of our Class A Ordinary Shares was \$4.43 per share. Holders of the Private Warrants have the option to exercise the Private Warrants on a cashless basis in accordance with the Existing Warrant Agreement. To the extent that any warrants are exercised on a cashless basis, the amount of cash we would receive from the exercise of the warrants will decrease. In addition, the Class A Ordinary Shares being offered for resale pursuant to this prospectus represent approximately 49.52% of the current total outstanding Class A Ordinary Shares (assuming and after giving effect to the issuance of shares upon exercise of all outstanding Warrants) as of April 18, 2023, and the warrants being offered for resale pursuant to this prospectus represent approximately 34.81% of our outstanding Warrants. Even though the current trading price of the Class A Ordinary Shares is below \$10.00, which is the price at which the units were issued in Artisan's IPO, the Sponsor (or its transferees) and certain other selling securityholders have an incentive to sell their Class A Ordinary Shares because they will still profit on sales due to the lower price at which they purchased their shares compared to the public investors in Artisan's IPO or the current trading price of our Class A Ordinary Shares. Public investors may not experience a similar rate of return on the securities they purchase due to differences in the purchase prices that they paid and the current trading price. The sale of all or substantial amounts of the Class A Ordinary Shares or Warrants being offered in this prospectus, or the perception in the market that the selling securityholders may or intend to sell all or a significant portion of such securities, could harm the prevailing market price of our Class A Ordinary Shares and Warrants. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. See "Risk Factors — Risks Relating to Our Securities — Sales of a substantial number of our securities in the public market by the Selling Securityholders and/or by our existing securityholders could cause the price of our Class A Ordinary Shares and Warrants to fall."

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On December 30, 2022, we acquired 74.39% of equity interest in ACT for a total consideration of \$10 million in cash and 19,891,910 Class A Ordinary Shares.

We believe our existing cash will be sufficient to meet our operating working capital and capital expenditure requirements for the foreseeable future. Our future financing requirements will depend on many factors including our growth rate, the timing and extent of spending to support development of our existing and pipeline products and the expansion of selling and marketing activities as well as any mergers and acquisitions opportunities that may arise. Although we currently are not a party to any agreement and do not have any understanding with any third parties with respect to potential investments in, or acquisitions of, businesses or technologies, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing.

We expect to continue to incur net losses for the foreseeable future due to the investments we intend to continue to make in research and development and marketing and advertising, and additional administrative and other operating costs we expect to incur in connection with operating as a public company. Cash from operations could also be affected from our customers and other risks detailed “Item 3. Key Information — D. Risk Factors.” We expect to continue to maintain financing flexibility in the current market conditions. As a result, we may require additional capital resources to execute strategic initiatives to grow our business.

The following table summarizes our cash flows for the periods presented:

	Year Ended December 31,		
	2022	2021	2020
	(\$ in thousands)		
Net cash from/(used in) operating activities	14,515	13,416	(2,880)
Net cash used in investing activities	(46,145)	(22,022)	(5,975)
Net cash from financing activities	143,319	29,317	11,843

Operating Activities

Net cash from operating activities of \$14.5 million for the year ended December 31, 2022 was primarily related to a loss for the year of \$190.5 million, adjusted for certain non-cash items, which included fair value loss on financial assets at fair value through profit or loss of \$9.4 million, fair value loss on preference shares liabilities of \$60.1 million, fair value gain on warrant liabilities of \$3.2 million, share-based payment on listing of \$89.5 million, equity-settled share-based payment expenses of \$31.6 million, restructuring costs in relation to diagnostic business of \$30.4 million, other finance costs of \$4.2 million, write-off on inventories of \$2.1 million, depreciation of \$6.0 million and amortization of intangible assets of \$1.6 million. The net changes in operating assets and liabilities of \$33.8 million were primarily related to a decrease in trade receivables of \$7.0 million from the settlement of sales invoices, an increase in deposits and prepayments and other receivables of \$1.2 million due primarily to increased prepayments for test kits, a decrease in inventories of \$1.3 million due to consumption of test kits, which were partially offset by a decrease in trade payables, accrued expenses and other current liabilities of \$24.4 million due to settlement of outstanding balance and decreased expenditure on staff costs and legal and professional fees, a decrease in contract liabilities of \$4.0 million mainly related to the report release on COVID-19 testing services, and an increase in deferred expenses of \$10.9 as a result of an advanced payment.

Net cash from operating activities of \$13.4 million for the year ended December 31, 2021 was primarily related to a loss for the year of \$174.0 million, adjusted for certain non-cash items, which included fair value loss on preference shares liabilities of \$125.4 million, fair value loss on convertible securities of \$29.1 million, equity-settled share-based payment expenses of \$22.5 million, finance costs of \$5.2 million, depreciation of \$4.3 million, amortization of intangible assets of \$3.1 million and loss on disposal of a subsidiary of \$0.3 million. The net changes in operating assets and liabilities of \$6.6 million were primarily related to an increase in trade receivables of \$24.1 million from increased sales of the COVID-19 testing services in 2021, an increase in deposits and prepayments and other receivables of \$6.1 million due primarily to increased prepayments for test kits, an increase in inventories of \$2.3 million due to increased demand in test kits and our decision to continue to reasonably increase our inventory level to avoid any unpredictable logistics disruption from the ongoing impact of COVID-19 on the global supply chain, which were partially offset by an increase in accrued expenses and other current liabilities of \$27.4 million due to increased expenditure on staff costs and legal and professional fees, an increase in contract liabilities of \$2.5 million mainly related to increased deferred revenue on COVID-19 testing services corresponding to the growth in sales volume, and a decrease in trade payables of \$3.5 million as a result of the settlement on outstanding balance.

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Net cash used in operating activities of \$2.9 million for the year ended December 31, 2020 was primarily related to a loss for the year of \$2.0 million, adjusted for certain non-cash items, which included fair value loss on convertible securities of \$2.8 million, equity-settled share-based payment expenses of \$1.6 million, depreciation of \$1.3 million, amortization of intangible assets of \$1.1 million and share of loss of a joint venture of \$1.1 million. The net changes in operating assets and liabilities of \$7.8 million were primarily related to an increase in trade receivables of \$20.1 million from sales of the new COVID-19 testing services in 2020, an increase in inventories of \$3.7 million due to expanded categories of inventories for the new Diagnostics business segment, combined with the fact that we consider it necessary to reasonably increase our inventory level to avoid any unpredictable logistics disruption from the impact of COVID-19 on the global supply chain, an increase in deposits and prepayments and other receivables of \$1.1 million due primarily to increased prepayments for test kits and rental deposit, which were partially offset by an increase in trade payables of \$9.7 million as a result of increased inventory level and service charges related to the COVID-19 testing services, an increase in accrued expenses and other current liabilities of \$6.0 million due to increased expenditure on staff costs and legal and professional fees, and an increase in contract liabilities of \$1.5 million mainly representing deferred revenue on certain CircleDNA and COVID-19 tests where the report was not yet released and revenue not recognized as at the reporting date.

Investing Activities

Cash flows used in investing activities primarily relate to purchase of property, plant and equipment, acquisition of a subsidiary (net of cash acquired), investment in joint ventures as well as purchase of intangible assets.

Net cash used in investing activities was \$46.1 million for the year ended December 31, 2022, which consisted primarily of payment for purchase of financial assets at fair value through profit or loss of \$20 million, payment for purchase of short-term deposits of \$20.0 million, proceeds from redemption of financial assets at fair value through profit or loss of \$3.0 million, net cash outflow arising from the ACT Acquisition of \$3.4 million, payment for purchase of property, plant and equipment of \$4.9 million and payment for purchase of intangible assets of \$1.4 million.

Net cash used in investing activities was \$22.0 million for the year ended December 31, 2021, which consisted primarily of payment for purchase of financial assets at fair value through profit or loss of \$10.0 million mainly related to investment in a financial asset measured at fair value through profit or loss in September 2021 for working capital management purposes, payment for purchase of property, plant and equipment of \$8.5 million mainly related to setup of new office and laboratory and payment for purchase of intangible assets of \$2.9 million mainly related to product development and conducting user ability tests, and clinical validation studies.

Net cash used in investing activities was \$6.0 million for the year ended December 31, 2020, which consisted primarily of payment for acquisition of a subsidiary (net of cash acquired) of \$2.9 million in connection with acquisition of Oxsed, payment for purchase of property, plant and equipment of \$2.9 million, and payment for purchase of intangible assets of \$0.2 million.

Financing Activities

Net cash from financing activities was \$143.3 million for the year ended December 31, 2022, which consisted primarily of \$146.2 million in proceeds from the reverse capitalization and partially offset by \$1.9 million in capital element of lease rentals paid.

Net cash from financing activities was \$29.3 million for the year ended December 31, 2021, which consisted primarily of \$26.0 million in proceeds from issuance of preference shares and \$5.0 million in proceeds from issuance of convertible securities, partially offset by \$1.3 million in capital element of lease rentals paid.

Net cash from financing activities was \$11.8 million for the year ended December 31, 2020, which consisted primarily of \$12.5 million in proceeds from issuance of convertible securities, partially offset by \$0.6 million in capital element of lease rentals paid.

Material Cash Requirements Capital Expenditures

Our capital expenditures are primarily incurred for the purchase of property, equipment, and intangible assets. Our total capital expenditures were \$3.1 million, \$11.4 million and \$6.3 million for the year ended December 31, 2020, 2021, and 2022, respectively. We intend to continue to make capital expenditures to meet the needs of our research and development activities.

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Contractual and Other Obligations

Other than the ordinary cash requirements for our operations and our capital expenditure, our material cash requirements as of December 31, 2022 and any subsequent interim period primarily include lease liabilities, warrant liabilities, and liabilities for puttable financial instruments. The following table sets forth their details as of December 31, 2022:

	Payment Due by Period			
	Total	Less than 1 year	1 – 2 Years	More than 2 years
		(\$ in thousands)		
Lease liabilities	7	3	2	2
Warrant liabilities	4	4	—	—
Liabilities for puttable financial instruments	17	17	—	—

Off-Balance Sheet Arrangements

Since the date of our incorporation, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

C. Research and Development, Patents and Licenses, Etc.

See “Item 4. Information on the Company — B. Business Overview — Research & Development” and “Item 4. Information on the Company — B. Business Overview — Intellectual Property.”

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events since January 1, 2022 to December 31, 2022 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with IFRS, and the preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. We base our estimates on historical experience and on other assumptions that, under the circumstances, we believe to be reasonable. Our actual results may differ from these estimates under different assumptions or conditions. This is especially true with some accounting estimates that require higher degrees of judgment than others in their application. We consider the following accounting estimates critical to an understanding of our audited consolidated financial statements because they involve the greatest reliance on our management’s judgment, estimates and assumptions.

Impairment of Property, Plant and Equipment, Intangible Assets and Goodwill

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- interest in joint venture; and
- goodwill

If any such indication exists, the asset’s recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

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Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

Fair Value of Assets Acquired and Liabilities Assumed from the Business Combination

We accounted for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to our Group. In determining whether a particular set of activities and assets is a business, we assess whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

We have an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The valuation technique used for measuring the fair value of material assets acquired was as follows:

Assets acquired	Valuation technique
Property, plant and equipment	<i>Cost technique:</i> The valuation model considers market prices for depreciated replacement cost when appropriate. Depreciated replacement cost reflects functional and economic obsolescence.
Intangible assets	<i>Multi-period excess earnings method:</i> The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the technology and customer relationships, but excluding any cash flows related to contributory assets.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth certain information relating to our executive officers and directors as of the date of this annual report. Our board of directors is comprised of five directors.

Name	Age	Position/Title
Yeung Danny Sheng Wu	44	Director, Chairperson and Chief Executive Officer
Cheng Yin Pan (Ben)	35	Independent Director
Dr. Cui Zhanfeng	60	Director
Ian Ying Woo	50	Independent Director
Chiu Wing Kwan Winnie	43	Independent Director
Dr. Tzang Chi Hung Lawrence	49	Chief Scientific Officer
Lo Hoi Chun (Stephen)	38	Chief Financial Officer
Dr. Ong Shih-Chang	46	Chief Medical Officer
Dr. Senthil Sundaram	49	Chief Clinical Officer
Dr. Wong Yung Ho Peter	41	Chief Technology Officer

Yeung Danny Sheng Wu is our co-founder. Since our business inception in 2014, Mr. Yeung has served as our Chief Executive Officer and director. Mr. Yeung’s journey into healthcare started as a way to utilize his extensive entrepreneurial career into making an impact for society. Mr. Yeung’s vision from day 1 was to always turn our company into a global health group, recruiting the best talent, and to give everyone the power to be in control of their own health. Mr. Yeung believes the future of healthcare is to decentralize healthcare and bring healthcare closer to millions of individuals worldwide. Prior to co-founding our company, Mr. Yeung was a Founding Partner at SXE Ventures, having led multiple investments in genetic testing companies and in Honey Science, which was acquired by PayPal for US \$4 billion in 2019. Mr. Yeung had also founded uBuyiBuy in 2010, which was subsequently acquired by Groupon. Prior to leaving Groupon in early 2014, Mr. Yeung served as CEO of Groupon East Asia, leading it to be the largest e-commerce company in the region. Mr. Yeung’s entrepreneurial journey started at the age of 25 when he ventured into franchising Hong Kong dessert chain “Hui Lau Shan” into the USA. After exiting Hui Lau Shan, Mr. Yeung successfully ventured into hospitality furniture and executed multi-million-dollar projects with MGM globally. Mr. Yeung’s life motto is “Play Hard, Work Harder.”

Cheng Yin Pan (Ben) is the Chief Executive Officer and Director of Artisan, and is currently the President and Chief Executive Officer of C Capital, where he leads its sought-after deals and actively engages in major venture capital and private equity investments across the sectors of healthcare, consumer and technology. Named as “China’s Top 20 Most Outstanding Investor” by Lieyun.com in 2020, Mr. Cheng has helped execute many investments in the aforementioned “unicorns,” such as Xpeng Motors, NIO, JD Logistics, Gojek, FTA, Xiaohongshu and Pony.ai. Under Mr. Cheng’s leadership, C Capital also invested in GritWorld, a 3D visual graphics rendering engine, and the investment was awarded China Venture’s “Top 10 AI & Big Data Deals” in 2019. Mr. Cheng is also a member of the Advisory Committee of Vertex SEA Fund, a subsidiary of Temasek Holdings, and a member of Venture Committee of Hong Kong Venture Capital and Private Equity Association. Mr. Cheng has also served as a Strategic Advisor at New World Strategic Investment Limited since March 2016. Prior to these roles, Mr. Cheng was an investment banker at Bank of America Merrill Lynch and Standard Chartered Bank. Mr. Cheng’s deal sheet in the Greater China region includes, among others, major corporate finance transactions such as the US\$510 million Hong Kong listing of WuXi Biologics (HKEx: 2269) in 2017, the US\$3.3 billion take-private of WuXi PharmaTech in 2015, and Temasek’s US\$5.7 billion investment in Watson’s in 2014 and US\$2.1 billion acquisition of ING’s insurance business in Hong Kong, Macau and Thailand in 2013. Mr. Cheng holds a bachelor’s degree in Quantitative Finance with honors from the Chinese University of Hong Kong.

Dr. Cui Zhanfeng has served on the board of directors of Prenetics since February 2021. Dr. Cui has served on the board of directors of Oxsed Limited, a wholly owned subsidiary of Prenetics, since May 2020. Dr. Cui has served as the Director of Oxford MESTar Limited and Oxford SimCell Limited, spin-out tech companies from the Institute of Biomedical Engineering of the University of Oxford, since 2013 and 2020. Dr. Cui is the Donald Pollock Professor of Chemical Engineering at University of Oxford, where he is involved in teaching and research and is responsible for discipline development and administration. Dr. Cui is also a Fellow of Hertford College and the Director of Oxford Suzhou Centre for Advanced Research of the University of Oxford. Dr. Cui received a Doctor of Science from University of Oxford in 2009, an M.A. from Keble College, Oxford in 1994, a M.Sc and a Ph.D. in chemical engineering from Dalian University of Technology in China in 1984 and 1987, and a B.Sc in chemical engineering from Inner Mongolia Polytechnic University in China in 1982. Dr. Cui was awarded the Foresight Award and the Global Research Award by the Royal Academy of Engineering in 1999 and 2005, and the 2010 Basil Brennan Medal by the Institution of Chemical Engineers in 2011. Dr. Cui is a Fellow of the Institution of Chemical Engineers (FICHEME) and a Fellow of American Institute of Medical and Biological Engineering (FAIMBE). He was elected to a Fellow of the Royal Academy of Engineering in 2013 and a Foreign Member of the Chinese Academy of Engineering in 2021.

Ian Ying Woo has served as the Executive Director, President and Chief Financial Officer of Everest Medicines (HKEx: 1952), a biopharma platform focused on bringing innovative medicines to Greater China and Asia emerging markets, since June 2018. From June 2018 to June 2019, Mr. Woo was also a Managing Director at C-Bridge Capital, a healthcare dedicated private equity firm focused on growth and buyout investment opportunities. Previously, from March 2005 to June 2018, Mr. Woo served various roles at Lazard, including serving as Managing Director in the global healthcare group. Mr. Woo worked with numerous global life sciences companies and led Lazard's healthcare efforts in Greater China. Throughout his investment banking career, Mr. Woo helped raise over \$1.0 billion in equity financings and advised on more than \$35 billion in M&A transactions. Mr. Woo received a Master of Business Administration from Columbia University Business School in 2003, a M.Sc in Molecular and Cellular Biology from Columbia University Graduate School of Arts & Sciences in 1998 and a B.Sc in Biology from Tufts University in 1994.

Chiu Wing Kwan Winnie has served as the President and Executive Director of Dorsett Hospitality International, an international hotel and hospitality group with footprint in 27 major cities worldwide and approximately 14,000 rooms, since November 2011, the Executive Director of Far East Consortium International Limited (HKEx: 0035) since June 2019, the director of various subsidiaries of Dorsett Group and Far East Consortium International Limited, the Chairperson of AGORA Hospitality Group Co., Ltd (TYO: 9704) since June 2015, and the director of Asian Youth Orchestra Limited since December 2011. Ms. Chiu has also served on a number of government committees in various capacities and is appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region. Ms. Chiu is a member of the newly-formed Mega Arts and Cultural Events Committee, a member of the advisory committee on Built Heritage Conservation, a member of the 2021 Chief Executive Election Committee, 2017 Chief Executive Election Committee and the 12th National People's Congress Electoral Committee. Ms. Chiu has also served on a number of social committees in various capacities as the Council Member at The Better Hong Kong Foundation, Board Member of and Member of the Investment Subcommittee of the Community Chest, Advisor of Our Hong Kong Foundation, Vice Chairman, Vice Convener of Advisory and Public Relations Committee of Greater Bay Area Homeland Youth Community Foundation, Primary Company Representative of the Hong Kong, General Chamber of Commerce, Advisor of The Federation of HK Hotel Owners, Honorary Vice President of the "Guangdong, Hong Kong and Macao" Hotel General Managers Society, and a member of Hong Kong — Japan Business Co-Operation Committee, The Y.Elites Association Limited, YPO Hong Kong Chapter and Hong Kong United Youth Association. Ms. Chiu additionally serves as a committee member of Betting and Lotteries commission and Business Facilitation Advisory Committee. Ms. Chiu is a strong supporter of the Greater Bay Area's new economy ecosystem, especially in regards to start-up companies and young entrepreneurs in the technology, healthcare and ESG sector. She is the management team member of Beyond Venture Fund, advisory committee member of Alibaba Entrepreneurs Fund (Greater Bay Area) as well as the Astera Capital Fund. In addition, she provides strategic and operational advice to a number of other investment funds. Ms. Chiu is the Council Member of the University of Hong Kong, Chairman of Hong Kong Art School, Vice President of the Society of the Academy for Performing Arts, Board Member of the Hong Kong Arts Centre, Asia Youth Orchestra, Member of the committee of overseers of Wu Yee Sun College of the Chinese University of Hong Kong since August 2016, and Member of discipline advisory board of Vocational Training Council. Previously, Ms. Chiu worked in Credit Suisse (Private Banking Division) and Malaysia Land Properties Sdn Bhd. Ms. Chiu also served as Director of the Hong Kong Philharmonic Orchestra, Development Committee Member of the Hong Kong Arts Festival Society Limited, chairman of Hong Kong Art School Council, Member of Hong Kong Arts Development Council, Joint president of the Society of the Academy for Performing Arts and Hong Kong Committee for UNICEF. During her tenure at Hong Kong Philharmonic Orchestra, she successfully raised over HKD50 million for the Hong Kong Philharmonic Orchestra and the Hong Kong Academy for Performing Arts, benefiting over 1,000 art talents. Ms. Chiu has also been accorded an Honorary Fellowship by The Hong Kong Academy for Performing Arts and Vocational Training Council, the 2017 Female Leader Legacy Award, the Golden Bauhinia Women Entrepreneur Award, the World Outstanding Chinese Youth Award and the Women of Hope 2016 Award: Global Champion category, Forbes Asia 2014: Top 12 Asia's Power Businesswomen and the 2014 Hong Kong Professional Elite Ladies Award. Ms. Chiu received a B.Sc from King's College, University of London in 2003.

Dr. Tzang Chi Hung Lawrence is our co-founder. Since our founding in 2014, Dr. Tzang has served as our Chief Scientific Officer and director, where Dr. Tzang oversees development, evaluation and implementation of new testing products and services, laboratory automation, supervision of laboratory setup and operation and governance of medical laboratory accreditation. Dr. Tzang has over 20 years industry experience in diagnostic testing and is recognized as a leader in DNA-based molecular diagnostic techniques. Dr. Tzang has been a registered Medical Laboratory Technologist I at Board of Medical Laboratory Technologist since 2013, a founding member and secretary at the Hong Kong Society for Behavioral and Neural Genetics since 2011 and a fellow of the Hong Kong Society for Molecular Diagnostic Sciences since 2008. Dr. Tzang received his post-doctoral research fellowship at the Department of Biology & Chemistry of the City University of Hong Kong from 2003 to 2009. Dr. Tzang received a Ph.D. in Molecular Biology and a B.Sc. in Applied Chemistry from the City University of Hong Kong in 2003 and 1996, respectively.

Lo Hoi Chun (Stephen) has served as our Chief Financial Officer since 2018. Prior to joining us, Mr. Lo served as the Vice President in the Asia Pacific Investment Banking team of Citigroup, where he worked extensively on initial public offering transactions, placements, debt issuances and cross border mergers and acquisitions in Asia and the U.S. Previously, Mr. Lo was an auditor with Ernst & Young. Mr. Lo received a Master of Business Administration from Yale University's School of Management, a Master of Science in Accounting and Finance from the London School of Economics and Political Science and a bachelor's degree in Accounting from Hong Kong Baptist University. Mr. Lo is a Fellow of the Hong Kong Institute of Certified Public Accountants, a Chartered Accountant of the Institute of Chartered Accountants in England and Wales and a CFA Charter holder.

Dr. Ong Shih-Chang is our Chief Medical Officer, and is responsible for shaping the policies and strategies for developing and transforming medical practice. Before joining us, Dr. Ong held chief and senior positions in medical affairs and clinical science in various companies in the U.S., including EverlyWell, Guardant Health, Roche Diagnostics, NantHealth and Illumina. Dr. Ong holds a M.D. from the University of Southern California Keck School of Medicine. Dr. Ong is also a Certified Physician/ Principal Investigator (CPI) of the Academy of Clinical Research Professionals (ACRP) and a Certified Clinical Research Professional (CCRP) of the Society of Clinical Research Associates (SOCRA).

Dr. Senthil Sundaram is our Chief Clinical Officer, and is responsible for overseeing the clinical policies. Dr. Sundaram is highly recognized for his experience as a physician-scientist, having led numerous genetic research programs in the USA. Dr. Sundaram has discovered genetic mutations and rare genetic variants causing different neurological diseases using cutting edge next-generation sequencing technologies such as whole exome sequencing. Dr. Sundaram's research articles have been published in reputed, high-impact journals such as Neurology, Annals of Neurology, Cerebral Cortex and others. Dr. Sundaram's research works were funded by the National Institute of Health (NIH), USA. Dr. Sundaram also served as a reviewer of different journals and NIH study sections.

Dr. Wong Yung Ho Peter is our Chief Technology Officer. Dr. Wong joined us in 2017 and has been leading our global technology vision and roadmap, and engineering delivery. Prior to joining us, Dr. Wong was the Head of Engineering at Travelex, where he led Travelex's first digital transformation and B2B business. Dr. Wong also successfully delivered a brand new international money transfer service, Travelex Wire, and launched Travelex's first international payment platform with the World Bank Group. Dr. Wong has experience across various industries including investment banking and eCommerce; and is a frequent speaker at technology events including AWS Summit and various universities. Dr. Wong holds a Doctorate degree in Computer Science from the University of Oxford, and B.Sc. and M.Sc. degrees in Computer Science from the University of Warwick.

B. Compensation

Compensation of Directors and Executive Officers

In 2022, we paid an aggregate of US\$24.8 million and US\$30.3 million in cash compensation and benefits in kind to our directors and executive officers as a group, respectively. Our directors and executive officers do not receive pension, retirement or other similar benefits, and we have not set aside or accrued any amount to provide such benefits to our executive officers. Our subsidiaries in Hong Kong and the U.K. are required by the applicable local laws and regulations to make contributions to Mandatory Provident Fund and the National Employment Savings Trust (NEST) Corporation respectively.

Employment Agreements and Indemnification Agreements

Each of the executive officers is party to an employment agreement with Prenetics, which is our wholly-owned subsidiary. Under these agreements, the employment of each of executive officers is for a specified time period, and may be terminated for cause, at any time, for certain acts of the executive officer, such as continued failure to satisfactorily perform, willful misconduct or gross negligence in the performance of agreed duties, conviction or entry of a guilty or nolo contendere plea of any felony or any misdemeanor involving moral turpitude, or dishonest act that results in material to our detriment or material of the employment agreement. The employment may also be terminated without cause upon 90 days' advance written notice. The executive officer may resign at any time with a 90-day advance written notice.

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The employment agreements with the other executive officers also include confidentiality and nondisclosure restrictions and non-competition and non-solicitation restrictions that apply during employment for certain periods following termination of employment.

We have entered into indemnification agreements with each of our directors. Under these agreements, we have agreed to indemnify our directors against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being our director.

Share Incentive Plans

Prenetics 2021 Plan

In June 2021, Prenetics' board of directors adopted the 2021 Share Incentive Plan of Prenetics, or Prenetics 2021 Plan, which provides for the issuance of up to 14,814,113 shares pursuant to all awards, including shares underlying the 2014 and 2016 Option Scheme and the 2017 Restricted Share Scheme.

In addition, in connection with the Business Combination, all 17,549,116 RSUs with respect to the ordinary shares of Prenetics, par value \$0.0001 per share ("Prenetics Ordinary Shares") that were outstanding under the Prenetics 2021 Plan at the time of consummation of the Business Combination were replaced with 17,549,116 RSUs with respect to Class A Ordinary Shares (and in the case of Danny Yeung, Class B Ordinary Shares) under the 2022 Plan.

The 2022 Plan

On May 18, 2022, we adopted the 2022 Share Incentive Plan, or the 2022 Plan, which became effective on the same day. The following summarizes the material terms of the 2022 Plan:

Shares Subject to the Plan. Initially, the maximum number of Ordinary Shares that may be issued under the 2022 Plan is (a) 16,479,399, which will be increased on the first day of each calendar year beginning in the year immediately following closing of the Business Combination and during the term of the 2022 Plan, in an amount equal to the lesser of (i) three percent (3%) of the total number of shares issued and outstanding on an as-converted fully-diluted basis on the last day of the immediately preceding fiscal year and (ii) such number of shares determined by our board of directors, plus (b) the number of shares reserved for issuance in accordance with an employee share purchase program (the "Employee Share Purchase Program") to be adopted by a committee consisting of one or more members of our board of directors (the "Committee") following the consummation of the Business Combination. The maximum number that may be issued subject to RSUs with respect to Prenetics Ordinary Shares ("Prenetics RSUs") granted pursuant to the Employee Share Purchase Program is 3,295,880, which will automatically increase on the first day of each calendar year for a period of not more than ten years from the Acquisition Merger Effective Date, in an amount equal to the lesser of (a) one percent (1%) of our fully-diluted share capital on the last day of the immediately preceding calendar year or (b) such small number determined by the Committee.

If an award terminates, expires, or lapses for any reason without having been exercised or settled in full, the number of shares subject to the award shall again be available for the grant of an award pursuant to the 2022 Plan. If any award is forfeited or repurchased, the shares underlying such award may again be granted or awarded under the 2022 Plan, provided that if an award granted pursuant to the Employee Share Purchase Program terminates, expires, or lapses for any reason without having been settled in full, the shares subject to such award shall only may again be available for the grant of an award pursuant to the Employee Share Purchase Program.

Capitalization Adjustment. In the event there is a specified type of change in our capital structure, such as a dividend, share split, reverse share split, combination or exchange of shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends), appropriate adjustments will be made to (i) the aggregate number and type of shares that may be issued under the 2022 Plan, (ii) the terms and conditions of any outstanding awards (including, without limitation, any applicable performance targets or criteria with respect thereto), (iii) the grant or exercise price per share for any outstanding awards under the 2022 Plan, and (iv) in the case of a spin-off, the additional number and type of shares (including shares in the entities being spun-off) that shall be issued or an appropriate decrease of exercise price in connection with the spin-off.

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Types of Awards. The 2022 Plan permits the awards of options, share appreciation rights, restricted shares, RSUs and other awards approved by the plan administrator or the board of directors.

Eligibility. We may grant awards to our employees, directors and consultants and our subsidiaries. However, we may grant options that are intended to qualify as incentive share options only to our employees and our subsidiaries.

Plan Administration. The 2022 Plan shall be administered by a committee of one or more members of our board of directors and/or one or more of our executive officers delegated by our board of directors. The administrator determines the participants to receive awards, when and how awards will be granted, the type of award to be granted, the number of awards to be granted, and the other terms and conditions of each award. The administrator may delegate certain authorities under the 2022 Plan to our Chief Executive Officer.

Award Agreements. Awards granted under the 2022 Plan are evidenced by award agreements that set forth, consistent with the 2022 Plan, the terms, conditions and limitations for each award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Conditions of Awards. The administrator determines the provisions, terms and conditions of each award granted under the 2022 Plan, including but not limited to the vesting schedule of the awards.

Termination. Unless terminated earlier, the 2022 Plan has a term of ten years from the date of its effectiveness. With the approval of our board of directors, the 2022 Plan can be terminated at any time; provided, however, no such termination shall adversely affect in any material way any awards previously granted without the prior written consent of the participant.

As of April 18, 2023, Prenetics RSUs underlying 2,111,296 Class A Ordinary Shares and 2,787,253 Class B Ordinary Shares were outstanding under the 2022 Plan.

RSU

As of April 18, 2023, there were a total of 977,604 Class A Ordinary Shares and 2,787,253 Class B Ordinary Shares underlying grants of outstanding RSUs that were held by the directors and executive officers as a group. The following table summarizes, as of April 18, 2023, the number of outstanding ordinary shares underlying outstanding RSUs that we granted to our directors and executive officers.

<u>Name</u>	<u>Number of Ordinary Shares Underlying outstanding RSUs</u>	<u>Date of Grant</u>
Yeung Danny Sheng Wu	2,773,914	June 30, 2021
	518	May 18, 2022
	12,821	June 30, 2022
Ian Ying Woo	*	June 30, 2022
Dr. Tzang Chi Hung Lawrence	518	May 18, 2022
	12,821	June 30, 2022
Lo Hoi Chun (Stephen)	518	May 18, 2022
	847,621	June 30, 2022
Dr. Senthil Sundaram	*	May 18, 2022
	*	June 30, 2022

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<u>Name</u>	<u>Number of Ordinary Shares Underlying outstanding RSUs</u>	<u>Date of Grant</u>
Dr. Wong Yung Ho Peter	*	May 18, 2022
	*	June 30, 2022
Dr. Ong Shih-Chang	*	May 18, 2022
	*	June 30, 2022

Note:

* Less than 1% of the outstanding ordinary shares underlying RSUs on an as-converted basis outstanding as of April 18, 2023.

C. Board Practices

Board of Directors

Our board of directors consists of five directors as of the date of this annual report. Of these five directors, three are independent. The Articles provide that the minimum number of directors shall be two and the exact number of directors shall be determined from time to time by our board of directors. A director is not required to hold any shares in us by way of qualification. A director may vote in respect of any contract or proposed contract or arrangement in which such director may be interested provided that (a) the nature of his/her interest is declared at a meeting of the directors, either specifically or by way of a general notice, and such director's vote may be counted in the quorum at any meeting of directors at which any such contract or proposed contract or arrangement is considered, and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all our powers to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of us or of any third party. No non-employee director has a service contract with us that provides for benefits upon termination of service.

Board Committees

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee. Each committee's members and functions are described below.

Audit Committee

The audit committee consists of Ian Ying Woo and Chiu Wing Kwan Winnie. Ian Ying Woo is the chairperson of the audit committee. Ian Ying Woo satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. Our board of directors has determined that each of Ian Ying Woo and Chiu Wing Kwan Winnie satisfies the requirements for an "independent director" within the meaning of the NASDAQ listing rules and the criteria for independence set forth in Rule 10A-3 of the Exchange Act.

The audit committee oversees our accounting and financial reporting processes. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;

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- meeting separately and periodically with management and the independent auditors;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee

The compensation committee consists of Ian Ying Woo, Chiu Wing Kwan Winnie and Cheng Yin Pan (Ben). Cheng Yin Pan (Ben) is the chairperson of the compensation committee. Our board of directors has determined that each of Cheng Yin Pan (Ben), Ian Ying Woo and Chiu Wing Kwan Winnie satisfies the requirements for an “independent director” within the meaning of the NASDAQ listing rules.

The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- the selection of compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee consists of Cheng Yin Pan (Ben), Chiu Wing Kwan Winnie and Danny Yeung. Danny Yeung is the chairperson of the nominating and corporate governance committee. Our board of directors has determined that each of Cheng Yin Pan (Ben) and Chiu Wing Kwan Winnie satisfies the requirements for an “independent director” within the meaning of the NASDAQ listing rules.

The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board of directors nominees for election by the shareholders or appointment by the board of directors;
- reviewing annually with the board of directors the current composition of the board of directors with regard to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of our board of directors meetings and monitoring the functioning of the committees of our board of directors; and
- advising our board of directors periodically with regard to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under the laws of the Cayman Islands, directors have a fiduciary duty to act honestly in good faith with a view to the company’s best interests. Our directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. We have the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in the company’s name if a duty owed by the directors is breached.

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Appointment and Removal of Directors

The Articles provide that all directors may be appointed by ordinary resolution and removed by ordinary resolution. The Articles also provide that the directors may, so long as a quorum of directors remains in office, appoint any person to be a director so as to fill a casual vacancy or as an addition to the existing board of director. Our directors do not serve for a fixed term and there is no requirement for them to retire by rotation nor to make themselves eligible for re-election.

The office of a director shall be vacated if (a) such director resigns their office by notice in writing signed by such director and left at our registered office; (b) such director becomes bankrupt or makes any arrangement or composition with such director's creditors generally; (c) such director dies or is found to be or becomes of unsound mind; (d) such director ceases to be a director by virtue of, or becomes prohibited from being a director by reason of, an order made under any provisions of any law or enactment; (e) such director is removed from office by notice addressed to such director at their last known address and signed by all of the co-directors (not being less than two in number); or (f) such director is removed from office by ordinary resolution.

Terms of Directors

A director shall hold office until such time as he or she resigns his office by notice in writing to us, is removed from office by ordinary resolution or is otherwise disqualified from acting as a director or removed in accordance with the Articles.

Board Diversity Matrix

The table below sets forth the board diversity matrix of our board of directors as of the date of this annual report pursuant to NASDAQ's Board Diversity Rule.

Board Diversity Matrix (as of December 31, 2022)

Country of Principal Executive Offices:	Hong Kong, China
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors	5

	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	4	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction			0	
LGBTQ+			0	
Did Not Disclose Demographic Background			0	

D. Employees

As of April 28, 2023, we had approximately 400 full-time employees. The following table sets forth the number of our employees categorized by function and geographic region as of the date of this annual report:

Function:	As of April 28, 2023
General and administrative	149
Operations	119
Products	30
Research and development	41
Sales and marketing	58
Total	397

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Geographic Region:	As of April 28, 2023
The U.K.	33
Hong Kong	146
Taiwan	159
Others	59
Total	397

As of April 28, 2023, we had approximately 400 employees and operated across nine locations, including the U.K., Hong Kong, Taiwan, Japan, India, South Africa and Southeast Asia. Our employees are primarily located in the U.K., Hong Kong and Taiwan. We believe we generally have good relationships with our employees.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

E. Share Ownership

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of April 18, 2023 by:

- each person known by us to be the beneficial owner of more than 5% of the outstanding ordinary shares;
- each of our directors and executive officers; and
- all our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to, or the power to receive the economic benefit of ownership of, the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares that the person has the right to acquire within 60 days are included, including through the exercise of any option, warrants or other right or the conversion of any other security. However, these shares are not included in the computation of the percentage ownership of any other person. Each holder of Class A Ordinary Shares is entitled to one vote per share and each holder of Class B Ordinary Shares is entitled to twenty (20) votes per share.

The percentage of our ordinary shares beneficially owned is computed on the basis of 136,952,037 Class A Ordinary Shares and 22,596,703 Class B Ordinary Shares issued and outstanding as of April 18, 2023.

	Ordinary Shares Beneficially Owned				
	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	% of Total Ordinary Shares	% of Voting Power ⁽²⁾
Directors and Executive Officers⁽¹⁾					
Yeung Danny Sheng Wu ⁽³⁾	—	22,596,703	22,596,703	14.16%	76.74%
Cheng Yin Pan (Ben)	—	—	—	—	—
Dr. Cui Zhanfeng	*	—	*	*	*
Ian Ying Woo	—	—	—	—	—
Chiu Wing Kwan Winnie ⁽⁴⁾	*	—	*	*	*
Dr. Tzang Chi Hung Lawrence ⁽⁵⁾	8,043,176	—	8,043,176	5.04%	1.37%
Lo Hoi Chun (Stephen)	2,093,612	—	2,093,612	1.31%	*
Dr. Ong Shih-Chang	*	—	*	*	*
Dr. Senthil Sundaram	*	—	*	*	*
Dr. Wong Yung Ho Peter	*	—	*	*	*
All Directors and Executive Officers as a Group	12,529,476	22,596,703	35,126,179	22.02%	78.87%

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	Ordinary Shares Beneficially Owned				
	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	% of Total Ordinary Shares	% of Voting Power ⁽²⁾
Principal Shareholders					
Prudential Hong Kong Limited ⁽⁶⁾	12,660,138	—	12,660,138	7.93%	2.15%
Woodbury Capital Management Limited ⁽⁷⁾	11,192,524	—	11,192,524	7.02%	1.90%
Da Yeung Limited ⁽³⁾	—	9,713,864	9,713,864	6.09%	32.99%
Genetel Bioventures Limited ⁽⁸⁾	9,206,785	—	9,206,785	5.77%	1.56%

* Less than 1% of the total number of outstanding ordinary shares

- (1) The business address for the directors and executive officers of the Company is Unit 701-706, K11 Atelier King's Road, 728 King's Road, Quarry Bay, Hong Kong.
- (2) For each person or group included in this column, percentage of total voting power represents voting power based on both Class A Ordinary Shares and Class B Ordinary Shares held by such person or group with respect to all outstanding Ordinary Shares as a single class. Each holder of Class A Ordinary Shares is entitled to one vote per share. Each holder of Class B Ordinary Shares is entitled to twenty (20) votes per share. Class B Ordinary Shares are convertible at any time by the holder into Class A Ordinary Shares on a one-for-one basis, while Class A Ordinary Shares are not convertible into Class B Ordinary Shares under any circumstances.
- (3) Represents 9,713,864 Class B Ordinary Shares held by Da Yeung Limited, a British Virgin Islands company and 12,882,839 Class B Ordinary Shares held by Yeung Danny Sheng Wu. Da Yeung Limited is wholly owned by Yeung Danny Sheng Wu. The registered address of Da Yeung Limited is Coastal Building, Wickham's Cay II, P. O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands.
- (4) Represents Class A Ordinary Shares held by Lucky Rider Investments Limited, a British Virgin Islands company. Lucky Rider Investments Limited is wholly owned by Chiu Wing Kwan Winnie. The registered address of Lucky Rider Investments Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (5) Represents 3,840,716 Class A Ordinary Shares held by For Excelsiors Limited, a British Virgin Islands company, and 4,202,460 Class A Ordinary Shares held by Tzang Chi Hung Lawrence. For Excelsiors Limited is wholly owned by Tzang Chi Hung Lawrence. The registered address of For Excelsiors Limited is Coastal Building, Wickham's Cay II, P. O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands.
- (6) The number of the Class A Ordinary Shares is as reported in a Schedule 13G/A filed by Eastspring Investments (Singapore) Limited on February 8, 2023.
- (7) Represents (i) 6,066,863 Class A Ordinary Shares held by Woodbury Capital Management Limited and (ii) 5,125,661 Class A Ordinary Share issuable upon the exercise of 3,973,381 redeemable Warrants held by Woodbury Capital Management Limited on the basis that one redeemable Warrant is exercisable into 1.29 Class A Ordinary Share. The number of the Class A Ordinary Shares is as reported in a Schedule 13G filed by Woodbury Capital Management Limited on June 29, 2022.
- (8) The number of the Class A Ordinary Shares is as reported in a Schedule 13G jointly filed by Genetel Bioventures Limited and Michael Yang Mengsu on August 17, 2022.

F. Disclosure of A Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. Related Party Transactions

Business Combination

On May 18, 2022, the Company consummated the transactions contemplated by the previously announced business combination pursuant to the Business Combination Agreement, by and among the Company, Artisan, Artisan Merger Sub, Prenetics Merger Sub and Prenetics. Pursuant to the Business Combination Agreement, (i) Artisan merged with and into Artisan Merger Sub, with Artisan Merger Sub surviving and remaining as our wholly owned subsidiary and (ii) following the Initial Merger, Prenetics Merger Sub merged with and into Prenetics, with Prenetics being the surviving entity and becoming our wholly owned subsidiary.

The Business Combination Agreement contained customary representations and warranties and pre- and post-closing covenants of each party and customary closing conditions.

The Initial Merger

As a result of the Initial Merger, at the Initial Merger Effective Time (i) all the property, rights, privileges, agreements, powers and franchises, liabilities and duties of Artisan and Artisan Merger Sub became the property, rights, privileges, agreements, powers and franchises, liabilities and duties of Artisan Merger Sub as the surviving company, and Artisan Merger Sub thereafter became as a wholly owned subsidiary of the Company and the separate corporate existence of Artisan ceased to exist, (ii) each issued and outstanding security of Artisan immediately prior to the Initial Merger Effective Time was cancelled in exchange for or converted into securities of the Company or other rights or property as set out below, (iii) Cheng Yin Pan (Ben) was appointed as a director on the board of directors of the Company, in addition to the then existing director of the Company, the then existing officers (if any) ceased to hold office and the initial officers of the Company from the Initial Merger Effective Time were appointed as determined by us, (iv) Cheng Yin Pan (Ben) was appointed as a director on the board of directors of Artisan Merger Sub and held office until the Acquisition Effective Time, in addition to the then existing director of Artisan Merger Sub, the then existing officers of Artisan Merger Sub (if any) ceased to hold office and the initial officers of Artisan Merger Sub from the Initial Merger Effective Time were appointed as determined by us, (v) Artisan Merger Sub's memorandum and articles of association was amended and restated to read in their entirety in the form attached as Exhibit G to the Business Combination Agreement, and (vi) the Company's memorandum and articles of association were amended and restated to read in their entirety in the form attached as Exhibit I to the Business Combination Agreement.

Subject to the terms and conditions of the Business Combination Agreement, at the Initial Merger Effective Time:

- each Unit issued and outstanding immediately prior to the Initial Merger Effective Time was automatically detached and the holder thereof was deemed to hold one Artisan Public Share and one-third of an Artisan Public Warrant;
- immediately following the separation of each Unit, each Artisan Public Share (which, for the avoidance of doubt, includes the Artisan Public Shares held as a result of the separation of the Units and Artisan Public Shares issued in the Class B Recapitalization) issued and outstanding immediately prior to the Initial Merger Effective Time (excluding Artisan Public Shares that are held by Artisan shareholders that validly exercise their redemption rights, Dissenting Artisan Shares and Artisan treasury shares) was cancelled in exchange for the right to receive the number of newly issued Class A Ordinary Shares equal to the Class A Exchange Ratio;
- each Artisan Warrant (which, for the avoidance of doubt, includes the Artisan Public Warrants held as a result of the separation of the Units) outstanding immediately prior to the Initial Merger Effective Time ceased to be a warrant with respect to Artisan Public Shares and be assumed by the Company and converted into a warrant to purchase such number of Class A Ordinary Share equal to the Class A Exchange Ratio subject to substantially the same terms and conditions prior to the Initial Merger Effective Time in accordance with the provisions of the Assignment, Assumption and Amendment Agreement;
- the single share in the capital of Artisan Merger Sub issued and outstanding immediately prior to the Initial Merger Effective Time and owned by the Company continued existing and constituted the only issued and outstanding share in the capital of Artisan Merger Sub; and
- the holder of one share of the Company and any other shares of the Company immediately prior to the Initial Merger Effective Time surrendered such shares for no consideration to the Company and all such shares were cancelled by the Company.

The sum of all Class A Ordinary Shares received by Artisan shareholders is referred to as "Initial Merger Consideration."

The Acquisition Merger

Following the Initial Merger, as a result of the Acquisition Merger, at the Acquisition Effective Time (i) all the property, rights, privileges, agreements, powers and franchises, liabilities and duties of Prenetics Merger Sub and Prenetics became the assets and liabilities of Prenetics as the surviving company, and Prenetics became a wholly owned subsidiary of the Company and the separate corporate existence of Prenetics Merger Sub ceased to exist, (ii) each issued and outstanding security of Prenetics immediately prior to the Acquisition Effective Time was cancelled in exchange for or converted into securities of the Company or other rights or property as set out below, (iii) each share of Prenetics Merger Sub issued and outstanding immediately prior to the Acquisition Effective Time was automatically converted into one ordinary share of the surviving company, (iv) the board of directors and officers of Prenetics Merger Sub ceased to hold office, and the board of directors and officers of Prenetics was determined by us and (v) the memorandum and articles of association of Prenetics was amended and restated to read in their entirety in the form attached as Exhibit H to the Business Combination Agreement.

Subject to the terms and conditions of the Business Combination Agreement, at the Acquisition Effective Time:

- each Prenetics Ordinary Share and Prenetics Preferred Share (other than Prenetics Key Executive Shares, Prenetics Dissenting Shares and Prenetics Treasury Shares) issued and outstanding immediately prior to the Acquisition Effective Time was cancelled in exchange for the right to receive such fraction of a newly issued Class A Ordinary Share that is equal to the Exchange Ratio, without interest, subject to rounding up to the nearest whole Class A Ordinary Share with respect to the total number of Class A Ordinary Shares to be received by each Prenetics shareholder;
- each Prenetics Key Executive Share issued and outstanding immediately prior to the Acquisition Effective Time was cancelled in exchange for the right to receive such fraction of a newly issued Class B Ordinary Share that is equal to the Exchange Ratio, without interest, subject to rounding up to the nearest whole Class B Ordinary Share with respect to the total number of Class B Ordinary Shares to be received by Danny Yeung;
- each Prenetics RSU outstanding immediately prior to the Acquisition Effective Time, whether vested or unvested, was automatically assumed by the Company and converted into an award of restricted share units representing the right to receive the number of Class A Ordinary Shares equal to (i) the number of Prenetics Ordinary Shares subject to such Prenetics RSU immediately prior to the Acquisition Effective Time multiplied by (ii) the Exchange Ratio (such product rounded down to the nearest whole number), and otherwise, was subject to substantially the same terms and conditions as were applicable to such Prenetics RSU immediately prior to the Acquisition Effective Time; and
- each Prenetics Key Executive RSU outstanding immediately prior to the Acquisition Effective Time, whether vested or unvested, was automatically assumed by the Company and converted into an award of restricted share units representing the right to receive the number of Class B Ordinary Shares equal to (i) the number of Prenetics Ordinary Shares subject to such Prenetics Key Executive RSU immediately prior to the Acquisition Effective Time multiplied by (ii) the Exchange Ratio (such product rounded down to the nearest whole number), and otherwise, was subject to substantially the same terms and conditions as were applicable to such Prenetics Key Executive RSU immediately prior to the Acquisition Effective Time.

The sum of all the Ordinary Shares and other securities receivable by Prenetics shareholders is referred to as “Acquisition Merger Consideration,” and the Initial Merger Consideration and the Acquisition Merger Consideration are referred to as the “Shareholder Merger Consideration.” Prior to the Initial Merger Effective Time, the Company deposited with Continental as Exchange Agent (or another exchange agent reasonably acceptable to Artisan and Prenetics) the Shareholder Merger Consideration.

Related Agreements

This section describes the material provisions of certain additional agreements entered into pursuant to the Business Combination Agreement (the “Related Agreements”) but does not purport to describe all of the terms thereof. The following summary is qualified in its entirety by reference to the complete text of each of the Related Agreements, and you are urged to read such Related Agreements in their entirety.

PIPE Financing (Private Placement)

Substantially concurrently with the execution of the Business Combination Agreement, the Company, Artisan and the PIPE Investors entered into PIPE Subscription Agreements, pursuant to which the PIPE Investors committed to subscribe for and purchase, in the aggregate, 6,000,000 Class A Ordinary Shares for \$10 per share, for an aggregate purchase price equal to \$60,000,000 (the “PIPE Investment”). Subsequently, the Company and Artisan entered into an Amendment to PIPE Subscription Agreement with each of the PIPE Investors, respectively, pursuant to which the number of Class A Ordinary Shares to be purchased by each PIPE Investor immediately prior to the Acquisition Effective Time is increased by multiplying (a) the number of Class A Ordinary Shares that such PIPE Investor agreed to purchase under the relevant PIPE Subscription Agreement by (b) the Class A Exchange Ratio, without additional consideration payable by such PIPE Investor.

Upon the consummation of the Business Combination, the Company received proceeds of \$55.8 million from the PIPE Investment.

Prenetics Shareholder Support Agreements

Concurrently with the execution of the Business Combination Agreement, we, Artisan, Prenetics and certain of the shareholders of Prenetics entered into the Prenetics Shareholder Support Agreements. Pursuant to the Prenetics Shareholder Support Agreement, certain shareholders who hold an aggregate of at least 65% of the outstanding Prenetics Shares (on an as converted basis as of the date of the Business Combination Agreement) agreed, among other things: (a) to vote in favor of the transactions contemplated by the Business Combination Agreement or any other Related Agreements, (b) to appear at the Prenetics shareholders’ meeting in person or by proxy for purposes of counting towards a quorum, (c) to vote against any proposals that would or would be reasonably likely to in any material respect impede the transactions contemplated by the Business Combination Agreement or any other Related Agreements, (d) not to transfer any Prenetics Shares held by such shareholder, (e) to unconditionally and irrevocably waive the dissenters’ rights pursuant to the Cayman Islands Companies Act in respect to all Prenetics Shares held by such shareholders with respect to the Acquisition Merger, and (f) for the period after the Closing specified therein, not to transfer certain Ordinary Shares held by such shareholder, if any, subject to certain exceptions.

On October 1, 2021, one shareholder of Prenetics executed a Deed of Joinder with us, Artisan and Prenetics, pursuant to which such shareholder agreed to be bound by the Prenetics Shareholder Support Agreement and to comply with all of the terms and conditions thereof including the agreements described in the foregoing paragraph.

On March 30, 2022, the Company, Artisan, Prenetics, Danny Yeung and Dr. Lawrence Tzang entered into the Management Shareholder Support Agreement Amendment Deed, pursuant to which the lock-up period applicable to Danny Yeung is amended such that: (a) 50% of the Ordinary Shares to be acquired by him in the Business Combination would be subject to a lock-up of six (6) months after the Closing Date, and (b) the remaining 50% would be subject to a lock-up of twelve (12) months after the Closing Date, subject to certain exceptions.

For further details regarding Ordinary Shares subject to the lock-up, see “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Securities — Future resales of our ordinary shares issued to our shareholders and other significant shareholders may cause the market price of our Class A Ordinary Shares to drop significantly, even if our business is doing well.”

Sponsor Support Agreement

Concurrently with the execution of the Business Combination Agreement, the Company, Artisan, Sponsor, Prenetics and the directors of Artisan entered into the Sponsor Support Agreement, pursuant to which Sponsor agreed, among other things and subject to the terms and conditions set forth therein: (a) to vote in favor of (i) the transactions contemplated in the Business Combination Agreement and the other transaction proposals, (b) to waive the anti-dilution rights it held in respect of the Founder Shares under the Artisan Articles, (c) to appear at the Extraordinary General Meeting for purposes of constituting a quorum, (d) to vote against any proposals that would materially impede the transactions contemplated in the Business Combination Agreement and the other transaction proposals, (e) not to redeem any Artisan Shares held by Sponsor, (f) not to amend that certain letter agreement between Artisan, Sponsor and certain other parties thereto, dated as of May 13, 2021, (g) not to transfer any Artisan Shares held by Sponsor, (h) to unconditionally and irrevocably waive the dissenters’ rights pursuant to the Cayman Islands Companies Act in respect to all Artisan Shares held by Sponsor with respect to the Initial Merger, to the extent applicable, (i) to release, effective as of the Acquisition Effective Time, the Company, Artisan, Prenetics and its subsidiaries from all claims in respect of or relating to the period prior to the Closing, subject to the exceptions set forth therein (with Prenetics agreeing to release the Sponsor and Artisan on a reciprocal basis) and (j) to agree to a lock-up of its Ordinary Shares, Warrants and Ordinary Shares received upon the exercise of any Warrants during the respective periods as set forth therein, subject to certain exceptions.

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On March 30, 2022, the Company, Artisan, Prenetics, Sponsor and the Artisan directors entered into the Sponsor Support Agreement Amendment Deed, pursuant to which the lock-up period applicable to Sponsor was amended such that (a) 50% of the Ordinary Shares to be acquired by the Sponsor in the Business Combination would be subject to a lock-up of six (6) months after the Closing Date, and (b) the remaining 50% will be subject to a lock-up of twelve (12) months after the Closing Date, subject to certain exceptions.

For further details regarding Ordinary Shares subject to the lock-up, see “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Securities — Future resales of our ordinary shares issued to our shareholders and other significant shareholders may cause the market price of our Class A Ordinary Shares to drop significantly, even if our business is doing well.”

Sponsor Agreement

On March 30, 2022 and in connection with the BCA Amendment, the Company, Prenetics and Artisan entered into the Sponsor Agreement with the Sponsor and the Artisan independent directors, pursuant to and subject to the terms of which, among other things, immediately prior to the consummation of the Initial Merger, Sponsor and the Artisan independent directors contributed, transferred, assigned, conveyed and delivered to Artisan all of their respective right, title and interest in, to and under their Founder Shares in exchange for Artisan Public Shares, and the Sponsor also surrendered and forfeited certain Private Placement Warrants for no consideration. In connection with the foregoing and immediately prior to the consummation of the Initial Merger, (i) all 9,133,558 outstanding Founder Shares held by Sponsor were exchanged and converted into such number of Artisan Public Shares equal to (x) 6,933,558, divided by (y) the Class A Exchange Ratio; (ii) the aggregate of 100,000 outstanding Founder Shares held by the Artisan independent directors were exchanged and converted into such number of Artisan Public Shares equal to (x) 100,000, divided by (y) the Class A Exchange Ratio; and (iii) the Sponsor automatically irrevocably surrendered and forfeited to Artisan for no consideration, as a contribution to capital, such number of Private Placement Warrants equal to (x) 5,857,898 minus (y) the quotient obtained by dividing 5,857,898 by the Class A Exchange Ratio.

Registration Rights Agreement

Concurrently with the execution of the Business Combination Agreement, Artisan, the Company, Sponsor and certain holders of Prenetics securities entered into the Registration Rights Agreement, which became effective upon the Closing, pursuant to which, among other things, the Company agreed to undertake certain resale shelf registration obligations in accordance with the Securities Act and Sponsor and the holders of Prenetics securities have been granted customary demand and piggyback registration rights. Following the execution of the Business Combination Agreement and on November 8, 2021, all existing parties to the Registration Rights Agreement and several shareholders of Prenetics entered into a joinder agreement, pursuant to which such shareholders of Prenetics agreed to be bound by the terms and conditions of, and were granted the registration rights under, the Registration Rights Agreement.

Assignment, Assumption and Amendment Agreement

Concurrently with the execution of the Business Combination Agreement, Artisan, the Company and Continental entered into the Assignment, Assumption and Amendment Agreement and amended the Existing Warrant Agreement, pursuant to which, among other things, Artisan assigned all of its right, title and interest in the Existing Warrant Agreement to the Company, and the Company assumed such assignment from Artisan, including the warrants provided for under the Existing Warrant Agreement, in each case effective upon the Initial Closing.

Forward Purchase Agreements

Prior to the IPO, Artisan entered into the Forward Purchase Agreements, pursuant to which the Forward Purchase Investors agreed to purchase an aggregate of 6,000,000 Artisan Public Shares plus 1,500,000 redeemable Artisan Warrants, for a purchase price of \$10.00 per Artisan Public Share, as applicable, or \$60,000,000 in the aggregate, in a private placement to close immediately prior to the closing of the initial business combination of Artisan. Concurrently with the execution of the Business Combination Agreement, the Forward Purchase Investors entered into Deeds of Novation and Amendment, pursuant to which the Forward Purchase Investors agreed to replace their commitments to purchase the Artisan Public Shares and Artisan Warrants under the Forward Purchase Agreements with the commitment to purchase an aggregate of 6,000,000 Class A Ordinary Shares plus 1,500,000 redeemable Warrants, for a purchase price of \$10.00 per Class A Ordinary Share, as applicable, or \$60,000,000 in the aggregate, in a private placement to close immediately prior to the Closing.

Concurrently with the execution of the BCA Amendment, Artisan, the Company and Sponsor entered into an Amendment to Deed of Novation and Amendment with each of the Forward Purchase Investors, respectively, pursuant to which (i) the number of Class A Ordinary Shares was purchased by each Forward Purchase Investor immediately prior to the Acquisition Effective Time was increased by multiplying (a) the number of Class A Ordinary Shares that such Forward Purchase Investor agreed to purchase under the relevant Amended Forward Purchase Agreement by (b) the Class A Exchange Ratio, without additional consideration payable by such Forward Purchase Investor; (ii) the lock-up period applicable to such Forward Purchase Investor was amended to six months after the consummation of the Business Combination, subject to an earlier release if certain criteria are met; and (iii) such Forward Purchase Investor converted all Founder Shares held by it into Artisan Public Shares on a one-for-one basis immediately prior to the Initial Closing.

Lock-Up Agreements

Following the execution of the Business Combination Agreement and on November 8, 2021, and November 30, 2021, and January 23, 2022, respectively, certain Prenetics shareholders who were not parties to the relevant Prenetics Shareholders Support Agreement entered into the respective lock-up agreements with the Company, Prenetics and Artisan, pursuant to which each shareholder agreed to the lock-up arrangements same as those applicable to the Prenetics shareholders who were parties to the Prenetics Shareholders Support Agreements (other than Danny Yeung), such that the ordinary shares to be acquired by such Prenetics shareholders are subject to a lock-up for 180 days following the consummation of the Business Combination.

For further details regarding Ordinary Shares subject to the lock-up, see “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Securities — Future resales of our ordinary shares issued to our shareholders and other significant shareholders may cause the market price of our Class A Ordinary Shares to drop significantly, even if our business is doing well.”

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees — B. Compensation.”

Share Incentive Plans

See “Item 6. Directors, Senior Management and Employees — B. Compensation — Share Incentive Plans.”

Other Related Party Transactions

In 2020, we sold testing kits to Prudential Hong Kong Limited, one of Prenetics’ major shareholders, and generated revenues in an aggregate amount of US\$16,950.

In 2020 and 2021, we purchased inventory and lab equipment from a joint venture in which Prenetics indirectly held approximately 44.07% equity interests, and paid an aggregate amount of US\$21,119 and US\$53,981, respectively.

In 2021 and 2022, we paid consulting fee to Oxford Engtech Ltd., which is controlled by an existing director of Prenetics, in an aggregate amount of US\$90,353 and US\$30,630, respectively.

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C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we may be subject to litigation and/or other claims incidental to our ordinary course of business. There are currently no claims or actions pending against us, that, in the view of our management, are likely to have a material adverse effect on our business.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For potential impact of legal or administrative proceedings on us, see "Item 3. Key Information — D. Risk Factors — Risks Relating to Intellectual Property and Legal Proceedings — We may be subject to legal proceedings and litigation, which are costly to defend, and adverse publicity about any investigation, litigation, regulatory or legal action against us or our senior management could harm our reputation and business."

Dividend Policy

We have not declared or paid any cash dividend on our Class A Ordinary Shares as of the date of this annual report. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any further determination to pay dividends on our ordinary shares would be at the discretion of our board of directors, subject to applicable laws, and would depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors may deem relevant.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

See "C. Markets."

B. Plan of Distribution

Not applicable.

C. Markets

Our Class A Ordinary Shares and Warrants are listed on NASDAQ under the symbols "PRE" and "PRENW," respectively.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

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F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this annual report the description of our amended and restated memorandum and articles of association contained in the section titled “Description of Share Capital” of our F-1 registration statement (File No. 333-265284), as amended, initially filed with the SEC on May 27, 2022.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 3. Risk Factors — Risks Relating to Our Business and Industry,” “Item 4. Information on the Company,” “Item 5. Operating and Financial Review and Prospects,” “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions,” or elsewhere in this annual report.

D. Exchange Controls

There are no governmental laws, decrees, regulations or other legislation in the Cayman Islands that may affect the import or export of capital, including the availability of cash and cash equivalents for use by the Company, or that may affect the remittance of dividends, interest, or other payments by the Company to non-resident holders of its ordinary shares.

E. Taxation

U.S. Federal Income Tax Considerations to U.S. Holders

General

The following is a general discussion of the material U.S. federal income tax consequences to U.S. Holders (as defined below) of the acquisition, ownership and disposition of our securities. No ruling has been requested or will be obtained from the IRS regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of our securities; thus, there can be no assurance that the IRS will not challenge the U.S. federal income tax treatment described below or that, if challenged, such treatment will be sustained by a court.

This summary is limited to U.S. federal income tax considerations relevant to U.S. Holders that hold our securities as “capital assets” within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”) (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to holders in light of their individual circumstances, including holders subject to special treatment under the U.S. tax laws, such as, for example:

- our officers or directors;
- banks, financial institutions or financial services entities;
- broker-dealers;
- taxpayers that are subject to the mark-to-market accounting rules;
- tax-exempt entities;

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- S-corporations, partnerships and other pass-through entities or arrangements;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- expatriates or former long-term residents of the United States;
- persons that actually or constructively own five percent or more of our shares by vote or value;
- persons that acquired our securities pursuant to an exercise of employee share options, in connection with employee share incentive plans or otherwise as compensation or in connection with services;
- persons subject to the alternative minimum tax or the base erosion and anti-abuse tax;
- persons that hold our securities as part of a straddle, constructive sale, hedging, conversion or other integrated or similar transaction; or
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar.

As used in this annual report, the term “U.S. Holder” means a beneficial owner of our securities that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (B) it has in effect under applicable U.S. Treasury regulations a valid election to be treated as a U.S. person.

Moreover, the discussion below is based upon the provisions of the Code, the Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as of the date hereof. Those authorities may be repealed, revoked, modified or subject to differing interpretations, possibly on a retroactive basis, so as to result in U.S. federal income tax consequences different from those discussed below. Furthermore, this discussion does not address any aspect of U.S. federal non-income tax laws, such as gift, estate or Medicare contribution tax laws, or state, local or non-U.S. tax laws.

This discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our securities through such entities. If a partnership (or other entity or arrangement classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our securities, the U.S. federal income tax treatment of the partnership or a partner in the partnership will generally depend on the status of the partner and the activities of the partner and the partnership. If you are a partnership or a partner of a partnership holding our securities, we urge you to consult your own tax advisor.

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This summary does not purport to be a comprehensive analysis or description of all potential U.S. federal income tax consequences of acquiring, owning and disposing of our securities. Holders of our securities should consult with their tax advisors regarding the particular tax consequences to them of the acquisition, ownership and disposition of our securities, including the applicability and effects of U.S. federal, state, local, and other tax laws.

Taxation of Distributions

We do not anticipate paying any cash distributions on our Class A Ordinary Shares in the foreseeable future. However, subject to the possible applicability of the PFIC rules discussed below under “Passive Foreign Investment Company Status,” if we do make a distribution of cash or other property on our Class A Ordinary Shares, a U.S. Holder will generally be required to include in gross income as a dividend the amount of any distribution paid on our Class A Ordinary Shares to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends paid by us will be taxable to a corporate U.S. Holder at regular rates. Subject to the PFIC rules described below, distributions in excess of such earnings and profits will generally be applied against and reduce the U.S. Holder’s basis in our Class A Ordinary Shares (but not below zero) and, to the extent in excess of such basis, will generally be treated as capital gain from the sale or exchange of such ordinary shares (see “— Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Class A Ordinary Shares and Warrants” below). We do not intend to provide calculations of our earnings and profits under U.S. federal income tax principles. A U.S. Holder should expect all cash distributions to be reported as dividends for U.S. federal income tax purposes. Any dividend will generally not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

With respect to non-corporate U.S. Holders, under tax laws currently in effect and subject to certain exceptions, dividends will generally be taxed at the lower applicable long-term capital gains rate (see “— Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Class A Ordinary Shares and Warrants” below) provided that our Class A Ordinary Shares are readily tradable on an established securities market in the United States, and we are not treated as a PFIC in the year the dividend is paid or in the preceding year and certain holding period and other requirements are met. U.S. Treasury Department guidance indicates that shares listed on NASDAQ (on which the Class A Ordinary Shares are listed) will be considered readily tradable on an established securities market in the United States. Even if the Class A Ordinary Shares are listed on NASDAQ, there can be no assurance that our Class A Ordinary Shares will be considered readily tradable on an established securities market in future years. U.S. Holders should consult their tax advisors regarding the availability of such lower rate for any dividends paid with respect to Class A Ordinary Shares.

Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Class A Ordinary Shares and Warrants

Subject to the PFIC rules described below under “Passive Foreign Investment Company Status,” a U.S. Holder will generally recognize capital gain or loss on the sale or other taxable disposition of our Class A Ordinary Shares or Warrants in an amount equal to the difference between the amount realized on the disposition and such U.S. Holder’s adjusted tax basis in such Class A Ordinary Shares or Warrants. A U.S. Holder’s adjusted tax basis in its Class A Ordinary Shares or Warrants will generally equal the U.S. Holder’s acquisition cost reduced by any prior distributions treated as a return of capital. Please see “— Exercise, Lapse or Redemption of a Warrant” below for a discussion regarding a U.S. Holder’s basis in a Class A Ordinary Share acquired pursuant to the exercise of a Warrant.

Any such capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder’s holding period for such Class A Ordinary Shares or Warrants exceeds one year. Long-term capital gain realized by a non-corporate U.S. Holder is currently eligible to be taxed at reduced rates. The deduction of capital losses is subject to certain limitations.

Exercise, Lapse or Redemption of a Warrant

Subject to the PFIC rules described below under “Passive Foreign Investment Company Status” and except as discussed below with respect to the cashless exercise of a Warrant, a U.S. Holder will generally not recognize gain or loss upon the acquisition of a Class A Ordinary Share on the exercise of a Warrant for cash. A U.S. Holder’s tax basis in a Class A Ordinary Share received upon exercise of the Warrant will generally be an amount equal to the sum of the U.S. Holder’s tax basis in the Warrant exchanged therefor and the exercise price. The U.S. Holder’s holding period for a Class A Ordinary Share received upon exercise of the Warrant will begin on the date following the date of exercise (or possibly the date of exercise) of the Warrant and will not include the period during which the U.S. Holder held the Warrant. If a Warrant is allowed to lapse unexercised, a U.S. Holder will generally recognize a capital loss equal to such holder’s tax basis in the Warrant.

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The tax consequences of a cashless exercise of a Warrant are not clear under current U.S. federal income tax law. Subject to the PFIC rules discussed below, a cashless exercise may be tax-free, either because the exercise is not a realization event or because the exercise is treated as a “recapitalization” for U.S. federal income tax purposes. Although we expect a U.S. Holder’s cashless exercise of our Warrants (including after we provide notice of our intent to redeem warrants for cash) to be treated as a recapitalization, a cashless exercise could alternatively be treated as a taxable exchange in which gain or loss would be recognized.

In either tax-free situation, a U.S. Holder’s tax basis in the Class A Ordinary Shares received would generally equal the U.S. Holder’s tax basis in the Warrants exercised therefor. If the cashless exercise is not treated as a realization event, it is unclear whether a U.S. Holder’s holding period for the Class A Ordinary Share will commence on the date of exercise of the Warrant or the day following the date of exercise of the Warrant. If the cashless exercise is treated as a recapitalization, the holding period of the Class A Ordinary Shares would include the holding period of the Warrants exercised therefor.

It is also possible that a cashless exercise may be treated in part as a taxable exchange in which gain or loss would be recognized. In such event, a U.S. Holder could be deemed to have surrendered Warrants with an aggregate fair market value equal to the exercise price for the total number of Warrants to be exercised. Subject to the PFIC rules discussed below, the U.S. Holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the warrants deemed surrendered and the U.S. Holder’s adjusted tax basis in such Warrants. In this case, a U.S. Holder’s tax basis in the Class A Ordinary Shares received would equal the U.S. Holder’s tax basis in the Warrants exercised plus the exercise price of such warrants. It is unclear whether a U.S. Holder’s holding period for the Class A Ordinary Shares would commence on the date of exercise of the warrant or the day following the date of exercise of the Warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, a U.S. Holder should consult its tax advisor regarding the tax consequences of a cashless exercise.

Subject to the PFIC rules described below, if we redeem Warrants for cash or purchases Warrants in an open market transaction, such redemption or purchase will generally be treated as a taxable disposition to the U.S. Holder, taxed as described above under “— Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Class A Ordinary Shares and Warrants.”

Possible Constructive Distributions

The terms of each Warrant provide for an adjustment to the number of Class A Ordinary Shares for which the Warrant may be exercised or to the exercise price of the warrant in certain events, as discussed in the section titled “Description of Warrants” in Exhibit 2.5 to this annual report. An adjustment which has the effect of preventing dilution generally is not taxable. The U.S. Holders of the Warrants would, however, be treated as receiving a constructive distribution from us if, for example, the adjustment increases such U.S. Holders’ proportionate interests in our assets or earnings and profits (e.g. through an increase in the number of Class A Ordinary Shares that would be obtained upon exercise or through a decrease to the exercise price of a Warrant) as a result of a distribution of cash or other property to the holders of Class A Ordinary Shares which is taxable to the U.S. Holders of such Class A Ordinary Shares as described under “— Taxation of Distributions” above. Such constructive distribution would be subject to tax as described under that section in the same manner as if the U.S. Holders of the warrants received a cash distribution from us equal to the fair market value of such increased interest.

Passive Foreign Investment Company Status

The treatment of U.S. Holders of our Class A Ordinary Shares and Warrants could be materially different from that described above if we are or were treated as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes.

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A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes if either (i) at least 75% of its gross income in a taxable year, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value, is passive income or (ii) at least 50% of its assets in a taxable year (ordinarily determined based on fair market value and averaged quarterly over the year), including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

Based on our composition of assets and market capitalization (which is subject to fluctuation), we believe that we were not a PFIC for the taxable year ended December 31, 2022. There can be no assurance regarding our PFIC status for the current taxable year or foreseeable future taxable years, however, because our PFIC status is a factual determination made annually that will depend, in part, upon the composition of our income and assets. The value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined in part by reference to the market price of our ordinary shares from time to time (which may be volatile). Because we will generally take into account our current market capitalization in estimating the value of our goodwill and other unbooked intangibles, our PFIC status for the current taxable year and foreseeable future taxable years may be affected by our market capitalization. Recent fluctuations in our market capitalization create a material risk that we may be classified as a PFIC for the current taxable year and foreseeable future taxable years. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend our liquid assets. Under circumstances in which our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or in which we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

Because there are uncertainties in the application of the relevant rules, it is possible that the Internal Revenue Service (the “IRS”) may challenge our classification of certain income or assets as non-passive, or our valuation of our goodwill and other unbooked intangibles, each of which could cause us to become classified as a PFIC for the current or subsequent taxable years. If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our Class A Ordinary Shares or Warrants, the PFIC rules discussed below will generally apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future taxable years even if we cease to be a PFIC.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of Class A Ordinary Shares or Warrants and, in the case of Class A Ordinary Shares, the U.S. Holder did not make an applicable purging election or a mark-to-market election, such U.S. Holder would generally be subject to special and adverse rules with respect to (i) any gain recognized by the U.S. Holder on the sale or other disposition of its Class A Ordinary Shares or Warrants and (ii) any “excess distribution” made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the Class A Ordinary Shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder’s holding period for the Class A Ordinary Shares).

Under these rules:

- the U.S. Holder’s gain or excess distribution will be allocated ratably over the U.S. Holder’s holding period for the Class A Ordinary Shares or Warrants;
- the amount allocated to the U.S. Holder’s taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder’s holding period before the first day of our first taxable year in which we were a PFIC, will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and

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- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the tax attributable to each such other taxable year of the U.S. Holder.

If we are a PFIC and, at any time, have a non-U.S. subsidiary that is classified as a PFIC, a U.S. Holder would generally be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we (or our subsidiary) receive a distribution from, or dispose of all or part of the interest in, the lower-tier PFIC or the U.S. Holders otherwise were deemed to have disposed of an interest in the lower-tier PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax issues raised by lower-tier PFICs.

QEF Election, Market-Market Election and Purging Election

In general, a U.S. Holder may avoid the adverse PFIC tax consequences described above in respect of such U.S. Holder's Class A Ordinary Shares (but not Warrants) by making and maintaining a timely and valid QEF election (if eligible to do so) to include in income its pro rata share of our net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year of the U.S. Holder in which or with which our taxable year ends.

A U.S. Holder may not make a QEF election with respect to its Warrants. As a result, if a U.S. Holder sells or otherwise disposes of such Warrants (other than upon exercise of such Warrants for cash) and we were a PFIC at any time during the U.S. Holder's holding period of such Warrants, any gain recognized will generally be treated as an excess distribution, taxed as described above. If a U.S. Holder that exercises such Warrants properly makes and maintains a QEF election with respect to the newly acquired Class A Ordinary Shares (or has previously made a QEF election with respect to Class A Ordinary Shares), the QEF election will apply to the newly acquired Class A Ordinary Shares. Notwithstanding such QEF election, the adverse tax consequences relating to PFIC shares, adjusted to take into account the current income inclusions resulting from the QEF election, will continue to apply with respect to such newly acquired Class A Ordinary Shares (which will generally be deemed to have a holding period for purposes of the PFIC rules that includes the period the U.S. Holder held the Warrants), unless the U.S. Holder makes a purging election under the PFIC rules.

Under one type of purging election, the U.S. Holder will be deemed to have sold such shares at their fair market value and any gain recognized on such deemed sale will be treated as an excess distribution, as described above. Under another type of purging election, we will be deemed to have made a distribution to the U.S. Holder of such U.S. Holder's pro rata share of our earnings and profits as determined for U.S. federal income tax purposes. In order for the U.S. Holder to make the second election, we must also be determined to be a "controlled foreign corporation" as defined by the Code (which is not currently expected to be the case). As a result of either purging election, the U.S. Holder will have a new basis and holding period in the Class A Ordinary Share acquired upon the exercise of the warrants solely for purposes of the PFIC rules.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC Annual Information Statement, to a timely filed U.S. federal income tax return for the tax year to which the election relates. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS. U.S. Holders are urged to consult their tax advisors regarding the availability and tax consequences of a retroactive QEF election under their particular circumstances.

In order to comply with the requirements of a QEF election, a U.S. Holder must receive a PFIC Annual Information Statement from us. We have not determined whether we will provide U.S. Holders this information if we determine that we are or will become a PFIC.

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Alternatively, if we are a PFIC and the Class A Ordinary Shares constitute “marketable stock,” a U.S. Holder may avoid the adverse PFIC tax consequences discussed above if such U.S. Holder, at the close of the first taxable year in which it holds (or is deemed to hold) the Class A Ordinary Shares, makes a mark-to-market election with respect to such shares for such taxable year. Such U.S. Holder will generally include for each of its taxable years as ordinary income the excess, if any, of the fair market value of its Class A Ordinary Shares at the end of such year over its adjusted basis in its Class A Ordinary Shares. The U.S. Holder also will recognize an ordinary loss in respect of the excess, if any, of its adjusted basis of its Class A Ordinary Shares over the fair market value of its Class A Ordinary Shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder’s basis in its Class A Ordinary Shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of its Class A Ordinary Shares will be treated as ordinary income. Currently, a mark-to-market election may not be made with respect to Warrants.

The mark-to-market election is available only for “marketable stock,” generally, stock that is regularly traded on a national securities exchange that is registered with the SEC, including NASDAQ (on which the Class A Ordinary Shares are listed), or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Moreover, a mark-to-market election made with respect to Class A Ordinary Shares would not apply to a U.S. Holder’s indirect interest in any lower tier PFICs in which we own shares. U.S. Holders should consult their tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to the Class A Ordinary Shares under their particular circumstances.

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. Holder may have to file an IRS Form 8621 and such other information as may be required by the U.S. Treasury Department. Failure to do so, if required, will extend the statute of limitations until such required information is furnished to the IRS.

The rules dealing with PFICs are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of the Class A Ordinary Shares and Warrants should consult their tax advisors concerning the application of the PFIC rules to our securities under their particular circumstances.

Cayman Islands Tax Considerations

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling shares under the laws of their country of citizenship, residence or domicile.

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the our securities. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor’s particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws:

Payments of dividends and capital in respect of our securities will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of Class A Ordinary Shares, as the case may be, nor will gains derived from the disposal of the Class A Ordinary Shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of our securities or on an instrument of transfer in respect of a Class A Ordinary Share or a Warrant.

We have been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, have obtained undertakings from the Governor in Cabinet of the Cayman Islands in the following form:

The Tax Concessions Law

Undertaking as to Tax Concessions

In accordance with the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Governor in Cabinet of the Cayman Islands has undertaken with the Company:

- (a) no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

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- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act (2018 Revision).

The concessions apply for a period of TWENTY years from September 21, 2021.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the periodic reporting and other informational filing requirements of the Exchange Act, and are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year, which is December 31. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on our website at <https://ir.prenetics.com/>. In addition, we will provide hardcopies of our annual report free of charge to shareholders upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to foreign currency, credit and liquidity risks in the ordinary course of our business. For more information about financial risks that we are exposed to, see Note 31 to our audited consolidated financial statements included elsewhere in this annual report.

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Foreign Currency risk

We are exposed to currency risk primarily through our subsidiaries operating outside of Hong Kong with assets and liabilities denominated in currencies other than Hong Kong dollars (“HKD”), which primarily include the USD and the Renminbi (“RMB”). As HKD is pegged to USD, we consider the risk of movements in exchange rates between HKD and USD to be insignificant. We do not believe that we currently have any significant direct foreign exchange risk, and we have not engaged in the hedging of our foreign currency transactions to date. Although our exposure to foreign exchange risks should be limited in general, the reporting result of operations in the financial statements will be affected by the exchange rate between USD and HKD, as we use USD as the reporting currency.

Our exposure to currency risk arising from recognized assets or liabilities denominated in USD as of December 31, 2022 is \$7.6 million, and our exposure to currency risk arising from recognized assets or liabilities denominated in RMB as of December 31, 2022 is \$1.2 million. A hypothetical 1% increase in the exchange rate between USD and HKD would increase our loss after tax by \$63,061, and a hypothetical 5% increase in the exchange rate between RMB and HKD would increase our loss after tax by \$48,298, for the year ended December 31, 2022.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to our trade receivables and cash and cash equivalents.

Our credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with good credit rating for which we consider to have low credit risk. Our exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. As of December 31, 2022, 56% and 73% of the total trade receivables were due from our largest customer and our five largest customers, respectively. We limit our credit risk arising from trade receivables by performing individual credit evaluations on all customers requiring credit over a certain amount, which take into account the customer’s past payment history, financial position and other factors.

Liquidity Risk

We manage our liquidity risk by regularly monitoring our liquidity requirements to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements in the short and longer term.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

None.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of December 31, 2022, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting and Attestation Report of the Registered Public Accounting Firm

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [Reserved]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Ian Ying Woo, an independent director (within the meaning of the NASDAQ listing rules and the criteria for independence set forth in Rule 10A-3 of the Exchange Act) satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC.

ITEM 16B. CODE OF ETHICS

Our board of directors adopted a Code of Business Conduct and Ethics applicable to our directors, officers and employees. The code applies to all directors, officers, employees and extended workforce, including the Chairperson and Chief Executive Officer and Chief Financial Officer. A copy of our Code of Business Conduct and Ethics is available on our website at <https://ir.prenetics.com/corporate-governance/documents-charters>.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is KPMG (PCAOB ID: 1181), which is located in Hong Kong.

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The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by KPMG for the years indicated. We did not pay any other fees to our auditors during the periods indicated below.

	For the Year Ended December 31,	
	2021	2022
	(in thousands of USD)	
Audit fees ⁽¹⁾	2,054	1,586
Audit-related fees ⁽²⁾	8	8
Tax fees ⁽³⁾	14	5
All other fees	—	—

Notes:

- (1) “Audit fees” represent the audit work performed each fiscal year necessary to allow the auditor to issue an opinion on our financial statements and to issue an opinion on the local statutory financial statements. Audit fees also include services such as reviews of quarterly financial results and limited review procedures of quarterly financial results.
- (2) “Audit-related fees” represent fees for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements or for services that were traditionally performed by the external auditor.
- (3) “Tax fees” represent fees billed for professional services for tax compliance and tax advice.

The policy of our audit committee is to pre-approve all audit and other service provided by KPMG as described above, other than those for de minimis services which are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On November 30, 2022, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$20 million of our Class A Ordinary Shares in the open market over the following 24 months. As of the date of this annual report, we had repurchased 1,684,757 Class A Ordinary Shares under this share repurchase program. The table below is a summary of the shares repurchased by us in 2022 and January to April of 2023. All shares were repurchased in the open market pursuant to the share repurchase program announced on November 30, 2022.

Period	Total Number of Ordinary Shares Purchased	Average Price Paid Per Ordinary Share (US\$)	Total Number of Ordinary Shares Purchased as Part of the Publicly Announced Program	Approximate Dollar Value of Ordinary Shares that May Yet Be Purchased Under the Program (US\$, in millions)
December 1, 2022 – December 31, 2022	320,094	2.10	320,094	19.33
January 1, 2023 – January 31, 2023	0	N/A	0	19.33
February 1, 2023 – February 28, 2023	0	N/A	0	19.33
March 1, 2023 – March 31, 2023	1,364,663	0.81	1,364,663	18.22
April 1, 2023 – April 30, 2023	0	N/A	0	N/A

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are a foreign private issuer and a “controlled company” as defined under the NASDAQ rules. Mr. Yeung, chairman of our board of directors and our chief executive officer, owns more than 50% of the total voting power of all issued and outstanding ordinary shares. For so long as we remain a foreign private issuer or a “controlled company” under that definition, we are permitted to elect to rely, and may rely, on certain exemptions from certain corporate governance rules, including: an exemption from the rule that a majority of the board of directors must be independent directors; an exemption from the rule that director nominees must be selected or recommended solely by independent directors or by a nominations committee that is comprised entirely of independent directors; an exemption from the rule that our board of directors must have a compensation committee that is comprised solely of independent directors; an exemption from the requirement that an audit committee be comprised of at least three members; an exemption from the requirement that an annual general meeting must be held; and an exemption from the requirement that we must obtain shareholder approval prior to a plan or other equity compensation arrangement is established or materially amended; and an exemption from the requirement to obtain shareholder approval for issuing additional securities exceeding 20% of our outstanding ordinary shares.

We intend to rely on the exemptions listed above available to foreign private issuers and “controlled company.” We are not required to and will not voluntarily meet this requirement. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES.

Not applicable.

PART III.

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide consolidated financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Prenetics Global Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
1.1	Amended and Restated Memorandum and Articles of Association of Prenetics Global Limited (incorporated by reference to Exhibit 1.1 to Shell Company Report on Form 20-F (Reg. No. 001-41401), filed with the SEC on May 27, 2022).
2.1	Specimen ordinary share certificate of Prenetics Global Limited (incorporated by reference to Exhibit 4.1 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).
2.2	Specimen warrant certificate of Prenetics Global Limited (incorporated by reference to Exhibit 4.2 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).
2.3	Warrant Agreement, dated May 13, 2021, between Artisan and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.3 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).
2.4	Assignment, Assumption and Amendment Agreement, dated as of September 15, 2021, by and among Prenetics Global Limited, Artisan Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 10.8 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).
2.5*	Description of Securities
4.1	Business Combination Agreement, dated as of September 15, 2021, by and among Artisan Acquisition Corp., Prenetics Global Limited, Prenetics Group Limited, AAC Merger Limited, and PGL Merger Limited (incorporated by reference to Exhibit 2.1 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).
4.2	Amendment to Business Combination Agreement, dated as of March 30, 2022, by and among Artisan Acquisition Corp., Prenetics Global Limited, Prenetics Group Limited, AAC Merger Limited, and PGL Merger Limited (incorporated by reference to Exhibit 2.2 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).
4.3	Registration Rights Agreement, dated as of September 15, 2021, by and among Prenetics Global Limited, Artisan Acquisition Corp., Artisan LLC and other parties named therein (incorporated by reference to Exhibit 10.5 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).
4.4†	2022 Share Incentive Plan (incorporated by reference to Exhibit 4.4 to Shell Company Report on Form 20-F (Reg. No. 001-41401), filed with the SEC on May 27, 2022).

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<u>Exhibit Number</u>	<u>Description</u>
4.5	<u>Form of Indemnification Agreement between Prenetics Global Limited and each executive officer of Prenetics Global Limited (incorporated by reference to Exhibit 10.10 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.6	<u>Form of PIPE Subscription Agreements (incorporated by reference to Exhibit 10.1 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.7	<u>Deed of Novation and Amendment, dated as of September 15, 2021, by and among Artisan Acquisition Corp., Prenetics Global Limited, Artisan LLC and Aspex Master Fund (incorporated by reference to Exhibit 10.2 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.8	<u>Deed of Novation and Amendment, dated as of September 15, 2021, by and among Artisan Acquisition Corp., Prenetics Global Limited, Artisan LLC and Pacific Alliance Asia Opportunity Fund L.P. (incorporated by reference to Exhibit 10.3 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.9	<u>Shareholder Support Agreement and Deed, dated as of September 15, 2021, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp., and certain management shareholders named therein (incorporated by reference to Exhibit 10.6 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.10	<u>Shareholder Support Agreement and Deed, dated as of September 15, 2021, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp., and certain shareholders named therein (incorporated by reference to Exhibit 10.7 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.11	<u>Sponsor Support Agreement, dated as of September 15, 2021, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp., Artisan LLC and other parties named therein (incorporated by reference to Exhibit 10.4 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.12#	<u>Patent License Agreement, dated June 10, 2020, by and among Oxsed Limited, Oxford University (Suzhou) Science & Technology Co., Ltd. and Oxford University Innovation Limited, as amended on October 14, 2020 (incorporated by reference to Exhibit 10.14 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.13*#	<u>Agreement for Sale and Purchase of the Issued Shares in ACT Genomics Holdings Company Limited, dated December 16, 2022, by and among Prenetics Global Limited, ACT Genomics and certain shareholders of ACT Genomics.</u>
4.14*#	<u>Agreement for Sale and Purchase of the Issued Shares in ACT Genomics Holdings Company Limited, dated January 3, 2023, by and among Prenetics Global Limited, Hongkong Berry Genomics Co., Limited and ACT Genomics.</u>
4.15#	<u>Collaboration Agreement, dated July 29, 2019, by and among Prenetics Limited, New Horizon Health Limited and Hangzhou New Horizon Health Technology Co., Ltd, as amended on December 18, 2019 (incorporated by reference to Exhibit 10.17 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>

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<u>Exhibit Number</u>	<u>Description</u>
4.16	<u>Deed of Joinder, dated October 1, 2021, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp. and Prudential Hong Kong Limited (incorporated by reference to Exhibit 10.18 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.17	<u>Form of Amendment to PIPE Subscription Agreements (incorporated by reference to Exhibit 10.19 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.18	<u>Form of Deed of Amendment to Deed of Novation and Amendment (incorporated by reference to Exhibit 10.20 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.19	<u>Sponsor Forfeiture and Conversion Agreement, dated as of March 30, 2022, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp., Artisan LLC, Mr. William Keller, Mr. Mitch Garber, Mr. Fan (Frank) Yu and Mr. Sean O'Neill (incorporated by reference to Exhibit 10.21 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.20	<u>Amendment to Sponsor Support Agreement, dated as of March 30, 2022, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp., Artisan LLC and other parties named therein (incorporated by reference to Exhibit 10.22 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
4.21	<u>Amendment to Shareholder Support Agreement, dated as of March 30, 2022, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp. and certain management shareholders named therein (incorporated by reference to Exhibit 10.23 to Amendment No. 8 to the Registration Statement on Form F-4 (Reg. No. 333-260928), filed with the SEC on March 30, 2022).</u>
8.1*	<u>List of subsidiaries of Prenetics Global Limited</u>
12.1*	<u>CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
13.1**	<u>CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
13.2**	<u>CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
15.1	<u>Consent of Frost & Sullivan (incorporated by reference to Exhibit 23.3 to Amendment No. 3 to the Registration Statement on Form F-1 (Reg. No. 333-265284), filed with the SEC on June 28, 2022).</u>
15.2*	<u>Consent of KPMG</u>
15.3*	<u>Consent of KPMG</u>
101.INS*	Inline XBRL Instance Document—this instance document does not appear on the Interactive Data File because its XBRL tags are not embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Scheme Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed with this Annual Report on Form 20-F.

** Furnished with this Annual Report on Form 20-F.

† Indicates a management contract or any compensatory plan, contract or arrangement.

Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K on the basis that the Company customarily and actually treats that information as private or confidential and the omitted information is not material.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Prenetics Global Limited

By: /s/ Danny Sheng Wu Yeung
Name: Danny Sheng Wu Yeung
Title: Chief Executive Officer

Date: May 1, 2023

ANNEX A

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

On December 30, 2022, Prenetics Global Limited (the “Company”) acquired ACT Genomics Holdings Company Limited (“ACT”), an Asia based genomics company specializing in precision oncology with operations in Hong Kong, Taiwan, Japan, Singapore, Thailand and in the UK (the “ACT Acquisition”).

The following unaudited pro forma combined financial information combines the historical financial statements of the Company and ACT after giving effect to the ACT Acquisition using the acquisition method of accounting for business combinations and incorporating estimates, assumptions and pro forma adjustments as described in the accompanying notes to the unaudited pro forma combined financial information.

The unaudited pro forma combined statement of financial position gives effect to the ACT Acquisition as if it had occurred on September 30, 2022. The unaudited pro forma combined statements of profit or loss and other comprehensive income for the year ended December 31, 2021 and the nine months ended September 30, 2022 give effect to the ACT Acquisition as if it had occurred on January 1, 2021.

The unaudited pro forma combined financial information was prepared using: (a) the Company’s consolidated financial statements as of and for the year ended December 31, 2021, as included in this annual report on Form 20-F; (b) the historical consolidated financial statements of ACT as of and for the year ended December 31, 2021, as included in this annual report on Form 20-F; (c) the Company’s unaudited consolidated financial information as of and for the nine months ended September 30, 2022, as included in the Company’s Current Report on Form 6-K furnished with the SEC on November 10, 2022; and (d) the unaudited historical consolidated financial statements of ACT as of and for the nine months ended September 30, 2022, as included in this annual report on Form 20-F.

The unaudited pro forma combined financial information is presented to reflect the ACT Acquisition and do not represent what the Company’s results of operations or financial position would actually have been had the ACT Acquisition occurred on the dates noted above, or project the Company’s results of operations or financial position for any future periods. The unaudited pro forma combined financial information is intended to provide information about the continuing impact of the ACT Acquisition as if it had been consummated earlier. The pro forma adjustments are based on available information and certain assumptions that management believes are factually supportable and are expected to have a continuing impact on the Company’s results of operations. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma combined financial information has been made. Certain of ACT’s historical amounts have been reclassified to conform to the financial statement presentation of the Company.

The pro forma adjustments reflect various elements of the ACT Acquisition.

The Company is developing a plan to integrate the operations of the Company and ACT after the ACT Acquisition. In connection with that plan, management anticipates that certain non-recurring charges, such as operational relocation expenses, employee severance costs, equipment upgrading and standardization, product rebranding and consulting expenses, will be incurred in connection with this integration. Management cannot estimate the timing, nature and amount of such charges as of the date of this filing. However, any such charge could affect the future results of the Company in the period in which such charges are incurred. The unaudited pro forma combined financial information does not include the effects of the costs associated with any restructuring or other integration activities resulting from the ACT Acquisition. The unaudited pro forma combined financial information does not include the realization of any cost savings from operating efficiencies, synergies or other restructuring activities might result from the ACT Acquisition.

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The unaudited pro forma combined financial information should be read in conjunction with the accompanying notes, which describe the assumptions and estimates underlying the adjustments set forth therein. Those assumptions, estimates, and related adjustments are based on information available at the time of this filing and, accordingly, the actual financial condition or performance of the Company following the ACT Acquisition in periods subsequent to the ACT Acquisition may differ materially from that which is reflected in the unaudited pro forma combined financial information.

PRENETICS GLOBAL LIMITED
UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022
(Expressed in United States dollar, except share and per share amounts)

	Company	ACT	Transaction Accounting Adjustments	Pro Forma Combined
ASSETS:				
Non-current assets:				
Property, plant and equipment	\$ 10,974,095	\$ 6,089,315	\$ —	\$ 17,063,410
Intangible assets	800,422	144,232	13,700,000 (a)	14,644,654
Goodwill	—	11,195,496	20,886,894 (a)	32,082,390
Deferred tax assets	7,696	212,843	—	220,539
Deferred expenses	7,393,072	—	—	7,393,072
Interests in associates	—	847,246	—	847,246
Other non-current assets	334,524	1,055,662	—	1,390,186
Total non-current assets	19,509,809	19,544,794	34,586,894	73,641,497
Current assets:				
Inventories	8,210,825	1,656,798	—	9,867,623
Trade receivables	61,076,651	2,832,903	—	63,909,554
Deferred expenses	4,535,245	—	—	4,535,245
Deposits, prepayments and other receivables	6,356,168	1,062,229	—	7,418,397
Amount due from an associate	—	581,865	—	581,865
Financial assets at fair value through profit or loss	25,226,919	—	—	25,226,919
Cash and cash equivalents	144,686,487	6,365,469	(9,041,776) (e)	142,010,180
Total current assets	250,092,295	12,499,264	(9,041,776)	253,549,783
Total assets	269,602,104	32,044,058	25,545,118	327,191,280
LIABILITIES AND EQUITY (DEFICIT):				
Non-current liabilities				
Deferred tax liabilities	224,189	507,603	2,427,229 (a)	3,159,021
Warrant liabilities	10,073,250	—	—	10,073,250
Redemption liabilities for ACT ordinary shares	—	195,264,717	(195,264,717) (c)	—
Trade financing	—	59,045	—	59,045
Lease liabilities	2,488,780	1,576,743	—	4,065,523
Other non-current liabilities	—	232,594	—	232,594
Total non-current liabilities	12,786,219	197,640,702	(192,837,488)	17,589,433
Current liabilities:				
Trade payables	9,077,855	728,457	—	9,806,312
Accrued expenses and other current liabilities	16,395,020	2,838,398	2,150,082 (e),(f)	21,383,500
Deferred consideration for acquisition	—	8,955,882	(8,955,882) (d)	—
Contract liabilities	5,579,759	376,810	—	5,956,569
Lease liabilities	1,857,982	994,929	—	2,852,911
Liabilities for puttable financial instrument	—	—	17,140,806 (b)	17,140,806
Derivative financial instruments	—	15,100,000	(15,100,000) (c)	—
Trade financing	9,741,503	23,489	—	9,764,992
Tax payable	6,894,415	5,607	—	6,900,022
Total current liabilities	49,546,534	29,023,572	(4,764,994)	73,805,112
Total liabilities	62,332,753	226,664,274	(197,602,482)	91,394,545
Equity:				
Share capital	11,098	15,224	(13,488) (b),(e)	12,834
Reserves	207,343,283	(194,295,201)	215,744,621 (b),(c),(d),(e),(f)	228,792,703
Non-controlling interests of the Company	(85,030)	—	7,076,228 (a)	6,991,198
ACT non-controlling interests	—	(340,239)	340,239 (a)	—
Total equity/(equity deficiency)	207,269,351	(194,620,216)	223,147,600	235,796,735
Total liabilities and equity	269,602,104	32,044,058	25,545,118	327,191,280

PRENETICS GLOBAL LIMITED
UNAUDITED PRO FORMA COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Expressed in United States dollar, except share and per share amounts)

	Company	ACT	Transaction Accounting Adjustments		Pro Forma Combined
Revenue	\$ 223,440,544	\$ 11,398,374	\$ —		\$ 234,838,918
Direct costs	(118,888,842)	(5,099,358)	—		(123,988,200)
Gross profit	104,551,702	6,299,016	—		110,850,718
Other income and other net (losses)/gain	(744,692)	(3,810,306)	—		(4,554,998)
Selling and distribution expenses	(10,798,052)	(3,920,473)	—		(14,718,525)
Research and development expenses	(11,913,427)	(4,464,230)	—		(16,377,657)
Restructuring costs in relation to UK and diagnostic business					
- Impairment losses on intangible assets	(19,109,580)	—	—		(19,109,580)
- Impairment losses on goodwill	(3,272,253)	—	—		(3,272,253)
- Impairment losses on property, plant and equipment	(1,738,467)	—	—		(1,738,467)
- Write-off of prepayment	(3,549,298)	—	—		(3,549,298)
Administrative and other operating expenses	(81,359,051)	(4,576,613)	(1,027,500)	(d)	(86,963,164)
Loss from operations	(27,933,118)	(10,472,606)	(1,027,500)		(39,433,224)
Fair value loss on financial assets at fair value through profit or loss	(1,674,184)	—	—		(1,674,184)
Share-based payment on listing	(89,546,601)	—	—		(89,546,601)
Share of loss of associates	—	(319,409)	—		(319,409)
Fair value loss on preference shares liabilities	(60,091,353)	—	—		(60,091,353)
Fair value loss on warrant liabilities	(3,301,827)	—	—		(3,301,827)
Changes in carrying amount of redemption liabilities	—	(32,454,289)	32,454,289	(a)	—
Fair value loss on derivative financial instruments	—	(3,130,000)	3,130,000	(b)	—
Other finance costs	(4,082,155)	(537,909)	—		(4,620,064)
Loss before taxation	(186,629,238)	(46,914,213)	34,556,789		(198,986,662)
Income tax expenses	(5,432,092)	(615,141)	213,750	(d)	(5,833,483)
Loss for the period	(192,061,330)	(47,529,354)	34,770,539		(204,820,145)
Other comprehensive loss for the period	(7,602,604)	3,017,654	—		(4,584,950)
Total comprehensive loss for the period	(199,663,934)	(44,511,700)	34,770,539		(209,405,095)
Loss per share:					
Basic and diluted weighted average shares outstanding ordinary shares	70,371,679		19,891,910	(c)	90,263,589
Basic and diluted net loss per share ordinary shares	(2.73)				(2.27)

PRENETICS GLOBAL LIMITED
UNAUDITED PRO FORMA COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in United States dollar, except share and per share amounts)

	Company	ACT	Transaction Accounting Adjustments		Pro Forma Combined
Revenue	\$ 275,852,753	\$ 8,857,442	\$ —		\$ 284,710,195
Direct costs	(169,721,542)	(3,534,556)	—		(173,256,098)
Gross profit	106,131,211	5,322,886	—		111,454,097
Other income and other net gain	138,948	3,345,027	—		3,483,975
Selling and distribution expenses	(21,932,322)	(5,776,126)	—		(27,708,448)
Research and development expenses	(10,563,952)	(8,284,640)	—		(18,848,592)
Impairment of goodwill	—	(24,251,332)	—		(24,251,332)
Administrative and other operating expenses	(83,991,413)	(5,978,264)	(1,370,000)	(d)	(91,339,677)
Loss from operations	(10,217,528)	(35,622,449)	(1,370,000)		(47,209,977)
Fair value loss on financial assets at fair value through profit or loss	(94,000)	—	—		(94,000)
Fair value loss on convertible securities	(29,054,669)	—	—		(29,054,669)
Fair value loss on preference shares liabilities	(125,398,798)	—	—		(125,398,798)
Changes in carrying amount of redemption liabilities	—	(46,564,476)	46,564,476	(a)	—
Fair value gain on derivative financial instruments	—	3,015,000	(3,015,000)	(b)	—
Write-off on amount due from a shareholder	(106,179)	—	—		(106,179)
Gain on bargain purchase	117,238	—	—		117,238
Loss on disposal of a subsidiary	(292,132)	—	—		(292,132)
Share of loss of associates	—	(160,219)	—		(160,219)
Other finance costs	(5,238,030)	(69,182)	—		(5,307,212)
Loss before taxation	(170,284,098)	(79,401,326)	42,179,476		(207,505,948)
Income tax (expenses)/credit	(3,732,744)	(31,107)	285,000	(d)	(3,478,851)
Loss for the year	(174,016,842)	(79,432,433)	42,464,476		(210,984,799)
Other comprehensive gain/(loss) for the year	260,112	(535,196)	—		(275,084)
Total comprehensive loss for the year	(173,756,730)	(79,967,629)	42,464,476		(211,259,883)
Loss per share:					
Basic and diluted weighted average shares outstanding ordinary shares	14,596,997		19,891,910	(c)	34,488,907
Basic and diluted net loss per share ordinary shares	(11.92)				(6.12)

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**Note 1. Description of the Acquisition**

On December 16, 2022, the Company and ACT entered into that certain Transaction Agreements (the “Transaction Agreements”), pursuant to which the Company agreed to acquire ACT in exchange for the 19,891,910 shares of Class A common stock, par value \$0.0001 per share, of the Company (“Class A Common Stock”) and a cash consideration of \$10,000,000. On December 30, 2022, the Company and ACT completed the ACT Acquisition.

Note 2. Basis of Presentation

The unaudited pro forma combined financial information has been derived from the historical consolidated financial statements of the Company and the historical consolidated financial statements of ACT. Certain ACT historical amounts have been reclassified to conform to the Company’s financial statement presentation. The unaudited pro forma combined statement of financial position as of September 30, 2022 gives effect to the ACT Acquisition as if it had been completed on September 30, 2022. The unaudited pro forma combined statements of profit or loss and other comprehensive income for the year ended December 31, 2021 and the nine months ended September 30, 2022 give effect to the ACT Acquisition as if it had been occurred on January 1, 2021.

The pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X. In addition, the acquisition method of accounting for business combinations was used in accordance with IFRS 3, *Business Combinations*, with the Company treated as the acquirer. Under the acquisition method of accounting, the fair value of the purchase consideration, consisting of the shares and cash consideration, is determined as of December 30, 2022. The purchase price was allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair values, with any excess purchase price allocated to goodwill. The pro forma purchase price allocation was based on the fair value of the shares and cash consideration, in each case, as of December 30, 2022, and estimates of the fair values of the tangible and intangible assets and liabilities related to ACT.

The pro forma combined financial information does not purport to represent what the actual consolidated results of operations or the consolidated financial position of the Company would have been had the ACT Acquisition occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

Note 3. Purchase Price Allocation

The following is an estimate of the purchase price for the ACT Acquisition:

19,891,910 shares of the Company’s Class A common shares issued to ACT, valued using the closing market price per share on December 30, 2022 of \$2.0 per share	\$ 39,783,820
Cash consideration	10,000,000
Total estimated purchase price	<u>49,783,820</u>

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following is an estimate of the purchase price allocation:

Current assets	\$ 12,499,264
Property, plant and equipment	6,089,315
Intangible assets	13,700,000
Goodwill	32,082,390
Other long-term assets	2,259,983
Current liabilities	(4,967,690)
Other long-term liabilities	(4,803,214)
Non-controlling interests	(7,076,228)
Total estimated purchase price	<u>49,783,820</u>

The purchase price allocation is based on an assessment of the fair values of the assets acquired and liabilities assumed as of September 30, 2022.

Note 4. Pro Forma Adjustments and Assumptions

The adjustments are based on currently available information, which is directly attributable, factually supportable and, with respect to the statements of profit or loss and other comprehensive income, has a continuing impact; as well as certain assumptions the Company believes are reasonable. The actual effects of the ACT Acquisition may differ from the pro forma adjustments. A general description of the adjustments is provided as follows:

Pro Forma Adjustments to the Combined Statements of Financial Position as of September 30, 2022:

- a. Represents (1) adjustments to record (i) acquired identifiable intangible assets at estimated acquisition-date fair values of \$13.7 million which comprised technologies and customer relationships with estimated useful life of 10 years and (ii) goodwill, non-controlling interests and deferred tax liabilities arising from the purchase price allocation, and (2) the elimination of the goodwill on ACT's historical consolidated statement of financial position.
- b. Represents the elimination of ACT's historical equity balances in accordance with the acquisition method of accounting and the recognition of liabilities for puttable financial instrument relating to the put options granted to the non-controlling shareholders of ACT.
- c. Represents adjustment to ACT's historical consolidated statement of financial position to remove the effects of redemption liabilities and derivative financial instruments, which were extinguished upon the ACT Acquisition. With the adoption of an amended memorandum and articles of association, the redemption rights and price protection rights granted to the then shareholders of ACT were terminated upon the ACT Acquisition.
- d. Represents adjustment to ACT's historical consolidated statement of financial position to remove the effects of deferred consideration for acquisition, which were settled by ACT with issuance of its ordinary shares prior to the ACT Acquisition.
- e. Represents the cash consideration paid of \$9,041,776, cash consideration payable of \$958,224 and issuance of 19,891,910 shares of the Company's Class A Common Stock at a price of \$2.0 per share, par value of \$0.0001 (the "Share Consideration"), to ACT as consideration for the ACT Acquisition.
- f. Represents the incurred acquisition-related costs of \$1,191,858 on legal fees and due diligence costs related to the ACT Acquisition.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Pro Forma Adjustments to the Combined Statements of Profit or Loss and Other Comprehensive Income for the nine months ended September 30, 2022:

- a. Represents adjustment to ACT's historical consolidated statement of profit or loss and other comprehensive income to remove the effects of redemption liabilities, which were extinguished upon the ACT Acquisition. With the adoption of an amended memorandum and articles of association, the redemption rights and price protection rights granted to the then shareholders of ACT were terminated upon the ACT Acquisition.
- b. Represents adjustment to ACT's historical consolidated statement of profit or loss and other comprehensive income to remove the effects of derivative financial instruments, which were extinguished upon the ACT Acquisition. With the adoption of an amended memorandum and articles of association, the redemption rights and price protection rights granted to the then shareholders of ACT were terminated upon the ACT Acquisition.
- c. Represents the issuance of the Share Consideration to ACT, and the resulting basic and diluted loss per share based on the pro forma net loss and the weighted average ordinary shares outstanding.
- d. Represents amortization of intangible assets recognized from the ACT Acquisition and the related deferred transaction impact.

Pro Forma Adjustments to the Combined Statements of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2021:

- a. Represents adjustment to ACT's historical consolidated statement of profit or loss and other comprehensive income to remove the effects of redemption liabilities, which were extinguished upon the ACT Acquisition. With the adoption of an amended memorandum and articles of association, the redemption rights and price protection rights granted to the then shareholders of ACT were terminated upon the ACT Acquisition.
- b. Represents adjustment to ACT's historical consolidated statement of profit or loss and other comprehensive income to remove the effects of derivative financial instruments, which were extinguished upon the ACT Acquisition. With the adoption of an amended memorandum and articles of association, the redemption rights and price protection rights granted to the then shareholders of ACT were terminated upon the ACT Acquisition.
- c. Represents the issuance of the Share Consideration to ACT, and the resulting basic and diluted loss per share based on the pro forma net loss and the weighted average ordinary shares outstanding.
- d. Represents amortization of intangible assets recognized from the ACT Acquisition and the related deferred transaction impact.

ANNEX B

ACT Genomics Holdings Company Limited

(Incorporated in the Cayman Islands)

and its subsidiaries

For the financial year ended December 31, 2021

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ACT Genomics Holdings Company Limited

(Incorporated in the Cayman Islands)

and its subsidiaries

For the nine months ended September 30, 2022

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ACT Genomics Holdings Company Limited

December 31, 2021



Independent Auditor's Report

To the board of directors of ACT Genomics Holdings Company Limited:

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of ACT Genomics Holdings Company Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the omission of comparative financial information described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Qualified Opinion

As discussed in note 2 to the consolidated financial statements, the consolidated financial statements do not include comparative financial information as required by IAS 1, *Presentation of Financial Statements*.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise significant doubt about the Group's ability to continue as a going concern for one year after the date that the consolidated financial statements are authorized for issuance.



Independent Auditor's Report (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise significant doubt about the Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ KPMG
Hong Kong, China
May 1, 2023

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

Consolidated statement of profit or loss for the year ended December 31, 2021
(Expressed in United States dollars)

	Note	\$
Revenue	6	8,857,442
Cost of sales		(3,534,556)
Gross profit		5,322,886
Other revenue	7(a)	3,465,115
Other net loss	7(b)	(120,088)
Research and development expenses		(8,284,640)
Distribution and selling expenses		(5,776,126)
General and administrative expenses		(5,978,264)
Loss from operations before impairment of goodwill		(11,371,117)
Impairment of goodwill	12	(24,251,332)
Loss from operations		(35,622,449)
Finance costs	8	(69,182)
Share of losses of associates	13	(160,219)
Changes in carrying amount of redemption liabilities	19	(46,564,476)
Changes in the fair value of derivative financial instruments	19	3,015,000
Loss before taxation	9	(79,401,326)
Income tax	10	(31,107)
Loss for the year		(79,432,433)
Attributable to:		
Equity shareholders of the Company		(79,400,247)
Non-controlling interests		(32,186)
Loss for the year		(79,432,433)

The accompanying notes form part of these financial statements.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

**Consolidated statement of profit or loss and other comprehensive income for the year ended
December 31, 2021**

(Expressed in United States dollars)

Loss for the year	\$ <u>(79,432,433)</u>
Other comprehensive income for the year	
<i>Item that may be reclassified subsequently to profit or loss:</i>	
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(535,196)</u>
Total comprehensive income for the year	<u><u>(79,967,629)</u></u>
Attributable to:	
Equity shareholders of the Company	(79,838,244)
Non-controlling interests	<u>(129,385)</u>
Total comprehensive income for the year	<u><u>(79,967,629)</u></u>

The accompanying notes form part of these financial statements.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

Consolidated statement of financial position at December 31, 2021
(Expressed in United States dollars)

	Note	\$
Assets		
Property, plant and equipment	11	9,077,621
Intangible assets and goodwill	12	12,520,837
Deferred tax assets	22(b)	1,063,179
Interests in associates	13	1,219,427
Prepayment and deposits	16	747,537
Non-current assets		24,628,601
Inventories	15	2,055,143
Trade and other receivables	16	5,574,265
Amount due from an associate		135,706
Cash and cash equivalents	17	6,223,890
Current assets		13,989,004
Total assets		38,617,605
Liabilities		
Bank loans and other borrowings	20	27,513
Trade and other payables	18	6,137,726
Contract liabilities	18	533,081
Deferred consideration for acquisition	14	8,470,588
Lease liabilities	21	1,122,783
Derivative financial instruments	19	9,441,000
Current taxation	22(a)	6,246
Current liabilities		25,738,937
Bank loans and other borrowings	20	92,704
Other accruals		260,904
Lease liabilities	21	2,393,739
Deferred tax liabilities	22(b)	770,159
Redemption liabilities for ordinary shares	19	191,377,253
Non-current liabilities		194,894,759
Total liabilities		220,633,696
	Note	2021
		\$
Equity		
Share capital		14,561
Reserves		(181,708,627)
Total deficit attributable to equity shareholders of the Company	23	(181,694,066)
Non-controlling interests		(322,025)
Total deficit		(182,016,091)
Total deficit and liabilities		38,617,605

The accompanying notes form part of these financial statements.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

Consolidated statement of changes in equity for the year ended December 31, 2021
(Expressed in United States dollars)

	Attributable to equity shareholders of the Company						Total \$	Non- controlling interests \$	Total deficit \$
	Share capital \$	Capital reserve \$	Other reserve \$	Stock compensation reserve \$	Exchange reserve \$	Accumulated losses \$			
At January 1, 2021	9,713	1,528,483	16,273,498	1,994,299	(496,982)	(99,499,057)	(80,190,046)	(157,033)	(80,347,079)
Changes in equity for 2021:									
Loss for the year	—	—	—	—	—	(79,400,247)	(79,400,247)	(32,186)	(79,432,433)
Other comprehensive income	—	—	—	—	(437,997)	—	(437,997)	(97,199)	(535,196)
Total comprehensive income	—	—	—	—	(437,997)	(79,400,247)	(79,838,244)	(129,385)	(79,967,629)
Issuance of ordinary shares	4,848	(14,425,148)	—	—	—	—	(14,420,300)	—	(14,420,300)
Issuance of derivative financial instruments	—	(7,508,000)	—	—	—	—	(7,508,000)	—	(7,508,000)
Equity-settled share- based payment transactions	—	—	—	262,524	—	—	262,524	—	262,524
Acquisition of subsidiary	—	—	—	—	—	—	—	(35,607)	(35,607)
At December 31, 2021	<u>14,561</u>	<u>(20,404,665)</u>	<u>16,273,498</u>	<u>2,256,823</u>	<u>(934,979)</u>	<u>(178,899,304)</u>	<u>(181,694,066)</u>	<u>(322,025)</u>	<u>(182,016,091)</u>

The accompanying notes form part of these financial statements.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

Consolidated statement of cash flows for the year ended December 31, 2021
(Expressed in United States dollars)

	<u>Note</u>	<u>\$</u>
Operating activities		
Loss before taxation		(79,401,326)
Adjustments for:		
Interest income	7(a)	(8,012)
Finance costs	8	69,182
Exchange gain		(427,196)
Depreciation of property, plant and equipment	11	2,847,892
Amortization of intangible assets	12	173,939
Equity-settled share-based payment expenses	24	262,524
Share of losses of associates	13	160,219
Impairment of goodwill		24,251,332
Impairment loss on trade receivables	9(b)	738,103
Changes in carrying amount of redemption liabilities	19	46,564,476
Changes in the fair value of derivative financial instruments	19	(3,015,000)
Changes in working capital:		
Increase in trade and other receivables and amount due from an associate		(1,726,036)
Increase in inventories		(130,463)
Increase in trade and other payables and contract liabilities		1,595,985
Net cash used in operating activities		<u>(8,044,381)</u>
Investing activities		
Payment for purchase of property, plant and equipment		(1,281,623)
Payment for purchase of intangible assets		(195,605)
Interest received		8,012
Investment in associates		(1,382,694)
Acquisition of subsidiaries, net of cash acquired	14	(1,552,565)
Net cash used in investing activities		<u>(4,404,475)</u>
Financing activities		
Proceeds from issuance of ordinary shares	23(a)(ii)	13,299,993
Capital element of lease rentals paid	17(b)	(651,047)
Interest element of lease rentals paid	17(b)	(68,141)
Repayment of bank loans and other borrowings	17(b)	(14,139)
Other borrowing cost paid	17(b)	(1,041)
Net cash generated from financing activities		<u>12,565,625</u>
Net increase in cash and cash equivalents		116,769
Cash and cash equivalents at January 1, 2021		5,932,252
Effect of foreign exchange rate changes		174,869
Cash and cash equivalents at December 31, 2021	17(a)	<u>6,223,890</u>

The accompanying notes form part of these financial statements.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

Notes to the consolidated financial statements
(Expressed in United States dollars unless otherwise indicated)

1 Reporting entity

ACT Genomics Holdings Company Limited (“the Company”) was incorporated on April 20, 2018 as an exempted company with limited liability under the Companies Law 2016 (revised) (as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (“the Group”) are principally engaged in next-generation sequencing concentrating on clinical applications of cancer biology, medical diagnostics products, and precision medicine for cancer prevention, treatment and monitoring.

At December 31, 2021, the Company has direct and indirect interests in the following principal subsidiaries:

Name	Place of incorporation and business	Date of incorporation	Proportion of ownership interest			Business activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
ACT Genomics Co., Ltd.	Taiwan, R. O. C.	November 25, 2013	99.92%	99.92%	—	Precise cancer genetic testing services
ACT Genomics (Hong Kong) Limited	Hong Kong	May 28, 2015	100%	100%	—	Precise cancer genetic testing services
Sanomics Limited	Hong Kong	February 26, 2015	100%	—	100%	Precise cancer genetic testing services
MC Diagnostics Limited	United Kingdom	June 12, 2006	100%	100%	—	Sales of medical diagnostics products

2 Basis of preparation

The accompanying consolidated financial statements as of and for the year ended December 31, 2021 have been prepared for purposes of a filing with the U.S. Securities and Exchange Commission in connection with the acquisition of the Group by Prenetics Global Limited (“Prenetics”), which was completed on December 30, 2022.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“IASB”), except that they do not include comparative financial information for the year ended December 31, 2020 as required by International Accounting Standards (“IAS”) 1, *Presentation of Financial Statements*. Significant accounting policies adopted by the Group are disclosed in note 4.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 3).

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

2 Basis of preparation (continued)

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of \$11,749,933 as at December 31, 2021. The management closely monitors the Group's financial performance and liquidity position and has put in place measures to alleviate liquidity pressure. The Group had cash and cash equivalents of \$6,223,890 as at December 31, 2021 and had raised additional funds of \$5,000,000 in March 2022 by issuance of new shares. The deferred consideration of \$9,000,000 in connection with the Company's acquisition of Sanomics Holdings Limited and its subsidiaries ("Sanomics") was settled via the issuance of the Company's shares in December 2022 and therefore did not affect the Group's liquidity position.

The management and the directors of the Company are of the opinion that, taking into account the above measures, the Group has sufficient working capital to meet its liabilities and obligations as and when they fall due.

The consolidated financial statements for the year ended December 31, 2021 comprise the Company and its subsidiaries and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that contingent consideration and derivative financial instruments are stated at fair value (see note 4(a) and 4(n)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

3 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2021

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended December 31, 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, <i>Reference to the conceptual framework</i>	January 1, 2022
Amendments to IAS 16, <i>Property, plant and equipment: proceeds before intended use</i>	January 1, 2022
Amendments to IAS 37, <i>Onerous contracts — cost of fulfilling a contract</i>	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022
Amendments to IAS 1, <i>Classification of liabilities as current or non-current</i>	January 1, 2023
IFRS 17 <i>Insurance Contracts</i> and amendments to IFRS 17 <i>Insurance Contracts</i>	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	January 1, 2023
Amendments to IAS 8, <i>Definition of Accounting Estimates</i>	January 1, 2023
Amendments to IAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	January 1, 2023
Amendments to IFRS 16, <i>Lease Liabilities in a Sale and Leaseback</i>	January 1, 2024
Amendments to IAS 1, <i>Non-current Liabilities with Covenants</i>	January 1, 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the consolidated financial statements.

4 Significant accounting policies

(a) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (note 4(b)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (note 4(h)(ii)). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

4 Significant accounting policies (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If equity-settled share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. An investment in a subsidiary is consolidated in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions and cash flows, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in associates.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

4 Significant accounting policies (continued)

(c) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in associates is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 4(i)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable (see note 4(i)(i))).

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(d) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interests in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase. Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

4 Significant accounting policies (continued)

combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 4(i)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 4(h)), are stated at cost less accumulated depreciation and impairment losses (see note 4(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Apparatus equipment	5 years
– Office equipment	3 years
– Furniture and fixtures	3 years
– Leasehold improvements	Shorter of useful life or remaining lease term
– Motor vehicles	5 years
– Properties leased for own use	Over the unexpired term of lease

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortization and impairment losses. Other development expenditure is recognized as an expense in the period in which it is incurred.

No development expenditure have been capitalized by the Group during the year ended December 31, 2021.

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses (see note 4(i)(ii)).

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4 Significant accounting policies (continued)

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Goodwill is not amortized. The following intangible assets are amortized from the date they are available for use and their estimated useful lives are as follows:

– Computer software	3 years
– Technology	10 years
– Customer relationship	10 years

Both the period and method of amortization are reviewed annually.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 4(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

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4 Significant accounting policies (continued)

In the consolidated statement of financial position, the Group presents right-of-use assets in “property, plant and equipment” and presents lease liabilities separately. The current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortized cost (including cash and cash equivalents and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Where the effect of discounting is material, the expected cash shortfalls for trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the

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4 Significant accounting policies (continued)

reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- goodwill; and
- interests in associates.

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4 Significant accounting policies (continued)

If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(j) Inventories and other contract costs

(i) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalized as inventories (see note 4(j)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

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4 Significant accounting policies (continued)

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labor, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract. Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of capitalized contract costs is charged to profit or loss when the revenue to which the asset relates is recognized. The accounting policy for revenue recognition is set out in note 4(r).

(k) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see note 4(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the accounting policy set out in note 4(i)(i).

(m) Trade and other payables and contract liabilities

(i) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(ii) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 4(r)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 4(k)).

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4 Significant accounting policies (continued)

(n) Redeemable ordinary shares and derivative financial instruments

The Company issued several series of redeemable ordinary shares to investors. The instrument holders have the right to require the Company to redeem all of the redeemable ordinary shares held by the instrument holders at a predetermined amount if a qualifying initial public offering (“IPO”) or a qualifying trade sale does not occur prior to a specified date, which is beyond the control of the Company. Upon the occurrence of any of these qualifying events, all the preferential rights of redeemable ordinary shares will expire.

The Company’s contractual obligation to deliver cash or other financial assets to the holders to redeem these shares upon events that are beyond the control of the Company gives rise to a financial liability. These financial liabilities due to investors are measured at the present value of the redemption amount. Changes in the carrying amount of the redemption liabilities are recognized in profit or loss. If the preferred shares are converted into ordinary shares or the contingent redemption rights attached thereto expire, the carrying amount of the financial liabilities will be transferred to equity.

Price protection rights were granted to certain classes of redeemable ordinary shares whereby additional ordinary shares would be issued to the holders of these instruments in the event that the Company proceeded with an IPO or a trade sale at a valuation below certain predetermined amounts within specified periods. This price protection feature is separately accounted for as a derivative financial instrument.

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized in profit or loss.

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Equity-settled share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a stock compensation reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the stock compensation reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the stock compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company’s shares.

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4 Significant accounting policies (continued)

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(q) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(r) Revenue and other income

Revenue from contracts with customers is recognized when control over a product or service is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts or rebates.

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis, including revenue from cancer genetic testing services and sales of medical diagnostics products that are sourced

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4 Significant accounting policies (continued)

externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the services or products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the services or the products.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(i) Revenue from cancer genetic testing services

Revenue is recognized at the point in time when the relevant testing reports are issued to customers in accordance with the service contracts.

(ii) Revenue from technical support and maintenance services

Technical support and maintenance service income is recognized over the period when the performance obligation is satisfied based on the contract terms.

(iii) Sales of medical diagnostics products

Revenue is recognized in the point in time when the customer takes possession of and accepts the products at the amount of promised consideration to which the Group is expected to be entitled.

(iv) Subsidy income

Subsidies are recognized initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Subsidies that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(v) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on

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4 Significant accounting policies (continued)

which the Group initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into United States dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into United States dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

(t) Borrowing costs

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

(u) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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5 Accounting judgements and estimates

Notes 19 and 24 contain information about the assumptions and their risk factors relating to the fair value of derivative financial instruments and share options granted. Other key sources of estimation uncertainty are as follows:

Impairment of non-financial assets

The Group determines whether goodwill is impaired at least on an annual basis. Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the greater of its fair value less costs of disposal and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and these risks specific to the cash-generating unit, which requires significant estimates. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling prices and amount of operating costs. Changes in the estimates would result in additional impairment provision in future years.

6 Revenue

The principal activities of the Group are engaging in next-generation sequencing concentrating on clinical applications of cancer biology, medical diagnostics products, and precision medicine for cancer prevention, treatment and monitoring.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers is as follows:

	\$
Revenue from contracts with customers within the scope of IFRS 15	
Provision of cancer genetic testing services	7,611,021
Sales of medical diagnostics products	1,046,421
Revenue from technical support and maintenance services	200,000
	<u>8,857,442</u>

Revenue from provision of cancer genetic testing services and sales of medical diagnostics products are recognized at a point in time.

Revenue from technical support and maintenance services is recognized over time. Transaction price allocated to these services is recognized as revenue on a straight line basis over the maintenance period specified in the agreements.

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6 Revenue (continued)

Revenue from contracts with customers within the scope of IFRS 15 is further analyzed as follows:

	\$
Disaggregated by geographical location of the customers	
Taiwan	5,619,700
Japan	257,923
Hong Kong	1,316,376
Singapore and other Southeast Asian countries	560,269
United Kingdom, Germany and other European countries	1,103,174
	<u>8,857,442</u>

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date.

As at December 31, 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is \$339,560. This amount represents revenue expected to be recognized in the future in relation to technical support and maintenance services under multi-year agreements with customers. The Group will recognize the expected revenue in future when the performance obligation is satisfied based on the contract terms, which is expected to occur over the next 12 to 24 months. The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for provision of cancer genetic testing services and sales of medical diagnostics products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these sales contracts that had an original expected duration of one year or less.

7 Other revenue and other net loss

	\$
(a) Other revenue	
Bank interest income	8,012
Government grants (note)	3,457,103
	<u>3,465,115</u>
(b) Other net loss	
Net foreign exchange gain	179,721
Others	(299,809)
	<u>(120,088)</u>

Note: During the year ended December 31, 2021, the amount mainly represented the subsidy under the Elite Programme of the Hong Kong Science and Technology Park. The purpose of the subsidy is to encourage innovation by granting financial assistance to commercial entities whose research and development projects meet certain criteria.

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8 Finance costs

	\$
Interest on lease liabilities	68,141
Interest expenses on bank loans	1,041
	<u>69,182</u>

9 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Staff costs

	\$
Salaries, wages and other benefits	9,681,701
Contributions to defined contribution retirement plan	476,201
Equity-settled share-based payment expenses (note 24)	262,524
	<u>10,420,426</u>

(b) Other items

Cost of inventories (note 15)	118,368
Depreciation charge (note 11)	
- owned property, plant and equipment	2,043,257
- right-of-use assets	804,635
Amortization of intangible assets (note 12)	173,939
Impairment loss on trade receivables (note 26(a))	<u>738,103</u>

10 Income tax in the consolidated statement of profit or loss**(a) Taxation in the consolidated statement of profit or loss represents:**

	\$
Current tax	
Provision for the year	1,641
Deferred tax	
Origination and reversal of temporary differences	29,466
	<u>31,107</u>

- (i) Subsidiaries incorporated in Taiwan are subject to Corporate Income Tax at a rate of 20%. No provision has been made as these subsidiaries did not generate any taxable income for the year.
- (ii) Subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5%. Enhanced tax deductions had also been taken into account for qualifying research and development expenses that fulfills specific criteria set out in Section 16B and Schedule 45 of the Inland Revenue Ordinance. The first HK\$2 million of the qualified research and development expenses will be subject to a tax deduction rate of 300% and the remaining qualified research and development expenses will be

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10 Income tax in the consolidated statement of profit or loss (continued)

subject to a tax deduction rate of 200%. No provision has been made as these subsidiaries did not generate any taxable income for the year.

- (iii) Subsidiaries incorporated in the United Kingdom are subject to Corporate Income Tax at a rate of 19%. No provision has been made as these subsidiaries had unutilized tax loss to set-off against taxable income or did not generate any taxable income for the year.
- (iv) Taxation for other overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(b) Reconciliation between tax expense charged to profit or loss and accounting loss at applicable tax rates:

	\$
Loss before taxation	<u>(79,401,326)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	(2,341,582)
Tax effect of non-taxable income	(440,591)
Tax effect of non-deductible expenses	523,819
Tax effect of temporary differences not recognized	17,403
Effect of additional tax deduction enacted by tax authority	(428,069)
Utilization of tax losses not previously recognized	(1,292)
Tax effect of unused tax losses not recognized	2,529,654
Others	<u>171,765</u>
Actual tax expense charged to profit or loss	<u>31,107</u>

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11 Property, plant and equipment

(a) Reconciliation of carrying amount

	Apparatus equipment \$	Office equipment \$	Furniture and fixtures \$	Leasehold improvements \$	Motor vehicles \$	Properties leased for own use \$	Total \$
Cost:							
At January 1, 2021	4,714,682	1,207,154	5,235	3,026,574	8,908	3,907,615	12,870,168
Acquisitions of subsidiaries	1,205,646	120,747	18,321	305,615	—	1,295,758	2,946,087
Exchange adjustments	106,333	9,532	(396)	(50,468)	257	13,485	78,743
Additions	1,075,741	156,052	—	63,080	—	41,123	1,335,996
Disposals	—	—	—	(52,495)	—	(314,277)	(366,772)
At December 31, 2021	<u>7,102,402</u>	<u>1,493,485</u>	<u>23,160</u>	<u>3,292,306</u>	<u>9,165</u>	<u>4,943,704</u>	<u>16,864,222</u>
Accumulated depreciation:							
At January 1, 2021	2,415,252	478,107	3,326	926,239	1,609	1,484,455	5,308,988
Exchange adjustments	52,732	5,905	4,459	(8,147)	64	(71,770)	(16,757)
Charge for the year	975,341	320,627	117	745,662	1,510	804,635	2,847,892
Written back on disposals	—	—	—	(52,495)	—	(301,027)	(353,522)
At December 31, 2021	<u>3,443,325</u>	<u>804,639</u>	<u>7,902</u>	<u>1,611,259</u>	<u>3,183</u>	<u>1,916,293</u>	<u>7,786,601</u>
Net book value:							
At December 31, 2021	<u>3,659,077</u>	<u>688,846</u>	<u>15,258</u>	<u>1,681,047</u>	<u>5,982</u>	<u>3,027,411</u>	<u>9,077,621</u>

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

Properties leased for own use	<u>\$</u> <u>3,027,411</u>
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The analysis of expense items in relation to leases recognized in profit or loss is as follows:

Depreciation charge of right-of-use assets – Properties leased for own use	<u>\$</u> 804,635
Interest on lease liabilities (note 8)	68,141
Expense relating to short-term leases and leases of low-value assets	<u>206,253</u>

During the year ended December 31, 2021, additions to right-of-use assets were \$41,123, which were primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 17(c) and 26(b) respectively.

Properties leased for own use

The Group has obtained the right to use properties as its offices and laboratories through tenancy agreements. The leases typically run for an initial period of 2 to 6 years. Lease payments are usually increased

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11 Property, plant and equipment (continued)

every 1 to 2 years to reflect market rentals. None of the leases include options to renew for additional periods after the end of the contract terms.

12 Intangible assets and goodwill

	Goodwill \$	Computer software \$	Customer relationship \$	Technology \$	Total \$
Cost:					
At January 1, 2021	—	658,712	—	—	658,712
Acquisitions of subsidiaries	34,387,342	13,557	1,423,051	1,062,260	36,886,210
Exchange adjustments	(207,895)	20,752	(18,035)	(20,292)	(225,470)
Additions	—	195,605	—	—	195,605
At December 31, 2021	<u>34,179,447</u>	<u>888,626</u>	<u>1,405,016</u>	<u>1,041,968</u>	<u>37,515,057</u>
Accumulated amortization:					
At January 1, 2021	—	564,230	—	—	564,230
Exchange adjustments	(11,540)	17,211	(428)	(524)	4,719
Charge for the year	—	88,305	43,469	42,165	173,939
Impairment loss	24,251,332	—	—	—	24,251,332
At December 31, 2021	<u>24,239,792</u>	<u>669,746</u>	<u>43,041</u>	<u>41,641</u>	<u>24,994,220</u>
Net book value:					
At December 31, 2021	<u>9,939,655</u>	<u>218,880</u>	<u>1,361,975</u>	<u>1,000,327</u>	<u>12,520,837</u>

Impairment test for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") or groups of CGU identified according to the operations as follows:

	\$
Cancer genetic testing services	29,676,628
Sales of medical diagnostics products	4,710,714
	<u>34,387,342</u>

Cancer genetic testing services comprises of a group of CGUs responsible for the related operations based in Hong Kong and Thailand. Sales of medical diagnostics products represent a CGU responsible for the related operations based in the United Kingdom.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budget approved by management covering a period ranging from five years to seven years.

Cancer genetic testing services

For the seven-year cash flow projections, a growth rate based on financial budget approved taking into account the current market situation has been applied in the first seven years. Management adopted a forecast

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12 Intangible assets and goodwill (continued)

period of longer than five years in view that the business of cancer genetic testing services is still under stage of expansion and certain products are still undergoing clinical trial in the five-year span. Cash flows beyond the seven-year period are extrapolated using an estimated growth rate of 2%. The cash flows are discounted using a pre-tax discount rate of 16%. An impairment loss of \$23,667,675 is recognized on the goodwill as a result of the impairment assessment, any adverse change in the assumptions used in the calculation of recoverable amounts would result in further impairment losses.

Sales of medical diagnostics products

For the five-year cash flow projections, a growth rate based on financial budget approved taking into account the current market situation has been applied in the first five years. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2%. The cash flows are discounted using a pre-tax discount rate of 12%. An impairment loss of \$583,657 is recognized on the goodwill as a result of the impairment assessment, any adverse change in the assumptions used in the calculation of recoverable amounts would result in further impairment losses.

13 Interests in associates

Particulars of the associates of the Group are as follows:

<u>Name</u>	<u>Form of business structure</u>	<u>Place of incorporation and business</u>	<u>Particulars of issued and paid-up capital</u>	<u>Proportion of ownership interest</u>			<u>Principal activity</u>
				<u>Group's effective interest</u>	<u>Held by the Company</u>	<u>Held by a subsidiary</u>	
ACTmed Co., Ltd.	Incorporated	Japan	1,347 ordinary shares	33.4%	—	33.4%	Precise cancer genetic testing services
CERBACT Asia Holdings Pte. Ltd.	Incorporated	Singapore	100 ordinary shares	35%	—	35%	Investment holdings

ACTmed Co., Ltd. is an unlisted corporate entity whose quoted market price is not available. The associate is accounted for using the equity method in the consolidated financial statements. As at December 31, 2021, the carrying amount of the Group's interests in the associate is nil as the Group's share of loss has exceeded its investment in the associate. The Group will not resume recognition of its share of any future profits in the associate until its share of such profits equals the cumulative share of losses not recognized in past years. The unrecognized share of losses of the associate for the year ended December 31, 2021 amounted to \$4,402,105 and the cumulative unrecognized share of losses amounted to \$12,091,386 as at December 31, 2021.

CERBACT Asia Holdings Pte. Ltd. ("CERBACT") was incorporated on July 12, 2021 as a limited liability company in Singapore. ACT (Singapore) Pte. Ltd., contributed EUR1,155,000 (equivalent to \$1,382,694) to CERBACT as initial funding, which consisted of shareholders loan of EUR 924,000 and a cash contribution of EUR 231,000 for subscription of 35 shares of CERBACT. CERBACT is not individually material to the Group. Its carrying amount and the Group's share of its losses are reflected on the consolidated statement of financial position and consolidated statement of profit or loss respectively.

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14 Business combination**(a) Acquisition of MC Diagnostics Limited (“MCD”)**

On June 30, 2021, the Company acquired 100% of equity interests in MCD and its subsidiary at a total consideration of \$7,001,595, which comprised of cash consideration of GBP1,830,000 (\$2,569,728 equivalent), share consideration of 3,760,856 shares, and contingent consideration with fair value of GBP1,095,666 (\$1,518,409 equivalent). The fair value of share consideration is determined by discounted cash flow method under income approach.

The contingent consideration comprised of (i) a deferred payment of GBP720,000 (\$997,799 equivalent) dependent on the status of renewal of certain license agreements of MCD on or before December 31, 2021; and (ii) an earn-out consideration based on the revenue of MCD and its subsidiary during the period from January to December 2021 subject to a cap of GBP4,100,000 (\$5,681,911 equivalent). The potential undiscounted amount of the contingent consideration adjustment that the Group could be required to make ranges from nil to GBP4,100,000 (\$5,681,911 equivalent), which is to be settled in combination of cash and shares of the Company in a proportion of 35% to 65% within one year from the end of the reporting period. The fair value of the contingent consideration is determined by reference to the probability of the license renewal and the estimated revenue of MCD and its subsidiary as described above.

The fair value of the identifiable assets and liabilities acquired in the transaction are as follows:

	\$
Property, plant and equipment	117,209
Intangible assets	1,365,613
Right-of-use assets	41,836
Inventories	351,748
Trade and other receivables	370,221
Deferred tax assets	235,670
Cash and cash equivalents	554,563
Trade and other payables and contract liabilities	(182,932)
Lease liabilities	(41,836)
Bank loans	(137,489)
Deferred tax liabilities	(338,014)
Total identifiable net assets	2,336,589
Goodwill	4,710,714
Less: Non-controlling interests	(45,708)
Total consideration	<u>7,001,595</u>

The consideration was satisfied by:

	\$
Cash consideration paid	2,569,728
Shares of the Company issued	2,913,458
Contingent consideration, at fair value	<u>1,518,409</u>
	<u>7,001,595</u>

The Company aimed to collaborate with MCD in the development and commercialization of cancer genomics diagnostic chip products combining the Group’s technology platform and cancer genomics expertise, product development ability and commercialization experience through the acquisition.

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14 Business combination (continued)

Goodwill arising from the acquisition amounted to \$4,710,714 which is attributable to its anticipated profitability and the anticipated future operating synergies from the combination.

During the year, MCD and its subsidiary contributed \$1,106,566 to the Group's revenue and profit after tax of \$217,750. If the acquisition had been completed on January 1, 2021, MCD would have contributed \$2,093,623 to the Group's revenue and profit after tax of \$590,823.

The Group incurred acquisition-related costs of \$278,078 on legal fees and due diligence costs. These costs have been included in "general and administrative expenses".

(b) Acquisition of Sanomics Holdings Limited ("Sanomics")

On November 2, 2021, the Company acquired 100% of equity interests in Sanomics and its subsidiaries at a total consideration of \$34,623,373, which comprised of share consideration of 33,318,536 shares, contingent consideration with fair value of \$257,183 and deferred consideration of \$9,000,000. The deferred consideration of \$9,000,000 is due within twelve months from the acquisition date, subject to certain terms and conditions as specified in the sale and purchase agreement. The fair value of share consideration is determined by discounted cash flow method under income approach. The contingent consideration is to be settled in shares of the Company within one year from the end of the reporting period, which is dependent on the number of additional shares that may be issued as part of settlement of the contingent consideration for the acquisition of MCD as set out in note 14(a). The fair value of the contingent consideration for the acquisition of Sanomics is determined on the same basis as that for the contingent consideration for the acquisition of MCD.

The fair value of the identifiable assets and liabilities acquired in the transaction are as follows:

	\$
Property, plant and equipment	1,533,120
Right-of-use assets	1,253,922
Intangible assets	1,133,255
Deferred tax assets	773,871
Inventories	412,469
Trade and other receivables	1,508,752
Cash and cash equivalents	462,600
Trade and other payables	(542,167)
Lease liabilities	(1,466,404)
Deferred tax liabilities	(203,986)
Total identifiable net assets	4,865,432
Goodwill	29,676,628
Non-controlling interest	81,313
Total purchase consideration	<u>34,623,373</u>

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14 Business combination (continued)

The purchase consideration was satisfied by:

	\$
Shares of the Company issued	25,895,602
Deferred consideration, at amortised cost	8,470,588
Contingent consideration, at fair value	257,183
	<u>34,623,373</u>

The Company aimed to collaborate with Sanomics on cancer genomics diagnostic business development through the acquisition.

Goodwill arising from the acquisition amounted to \$29,676,628 which is attributable to its anticipated profitability and the anticipated future operating synergies from the combination.

During the year, Sanomics and its subsidiary contributed \$675,161 to the Group's revenue and profit after tax of \$318,832. If the acquisition had been completed on January 1, 2021, Sanomics and its subsidiaries would have contributed \$3,400,435 to the Group's revenue and loss after tax of \$2,970,860.

The Group incurred acquisition-related costs of \$158,864 on legal fees and due diligence costs. These costs have been included in "general and administrative expenses".

The net cash outflow in connection with the acquisition of MCD and Sanomics as included in the Group's consolidated statement of cash flows amounted to \$1,552,565. The amount comprised of cash consideration of \$2,569,728 paid for the acquisition of MCD, net of cash and cash equivalents acquired from MCD and Sanomics of \$554,563 and \$462,600 respectively.

15 Inventories

	\$
Consumables and reagents	1,553,433
Laboratory supplies	348,310
	<u>1,901,743</u>
Work in progress	153,400
	<u>2,055,143</u>

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	\$
Carrying amount of inventories sold	<u>118,368</u>

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16 Trade and other receivables

	\$
Current portion	
Trade receivables, net of loss allowance	3,125,782
Other receivables	1,111,924
Financial assets measured at amortized cost	4,237,706
Prepayment	1,336,559
	5,574,265
Non-current portion	
Prepayment and deposits	747,537
	6,321,802

All of the trade and other receivables classified as current assets are expected to be recovered or recognized as expenses within one year.

Trade receivables are due within 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 26(a).

17 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	\$
Cash at bank and on hand	6,223,890

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and other borrowings (note 20) \$	Redemption liabilities for ordinary shares (note 19) \$	Lease liabilities (note 21) \$	Total \$
At January 1, 2021	—	88,278,209	2,590,676	90,868,885
Changes from financing cash flows:				
Capital element of lease rentals paid	—	—	(651,047)	(651,047)
Interest element of lease rentals paid	—	—	(68,141)	(68,141)
Interest paid	(1,041)	—	—	(1,041)
Repayment of bank loans and other borrowings	(14,139)	—	—	(14,139)
Total changes from financing cash flows	(15,180)	—	(719,188)	(734,368)
Exchange adjustments	(3,133)	—	27,530	24,397

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17 Cash and cash equivalents and other cash flow information (continued)

	Bank loans and other borrowings (note 20) \$	Redemption liabilities for ordinary shares (note 19) \$	Lease liabilities (note 21) \$	Total \$
Other changes:				
Issuance of ordinary shares	—	56,534,568	—	56,534,568
Changes in carrying amount of redemption liabilities	—	46,564,476	—	46,564,476
Increase in lease liabilities from additions of right-of-use assets	—	—	41,123	41,123
Increase in lease liabilities from acquisition of subsidiaries	—	—	1,508,240	1,508,240
Increase in bank loans and other borrowings from acquisition of subsidiaries	137,489	—	—	137,489
Interest expenses (note 8)	1,041	—	68,141	69,182
Total other changes	<u>138,530</u>	<u>103,099,044</u>	<u>1,617,504</u>	<u>104,855,078</u>
At December 31, 2021	<u><u>120,217</u></u>	<u><u>191,377,253</u></u>	<u><u>3,516,522</u></u>	<u><u>195,013,992</u></u>

(c) Total cash outflow for leases:

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	\$
Within operating cash flows	206,253
Within financing cash flows	719,188
	<u>925,441</u>

18 Trade and other payables

	\$
Trade and other payables	
Trade payables	1,228,201
Accruals and other payables	3,133,933
Contingent consideration (note 14)	1,775,592
	<u>6,137,726</u>
Contract liabilities	
Billings in advance of service performance (note b)	533,081
	<u>6,670,807</u>

(a) Trade and other payables

All of the trade and other payables are expected to be settled or recognized as income within one year.

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18 Trade and other payables (continued)**(b) Contract liabilities**

Typical payment terms which impact on the amount of contract liabilities recognized are as follows:

Genetic cancer testing services

The Group receives a part of the consideration as deposits from customers when they entered into service agreements. These deposits are recognized as contract liabilities until the services are rendered. The rest of the consideration is typically paid when the services are rendered. The amount of the deposit is negotiated on a case by case basis.

The movements of contract liabilities during the year ended December 31, 2021 are as follows:

	\$
Balance at January 1, 2021	263,145
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(263,145)
Increase in contract liabilities as a result of receiving payments during the year in respect of unperformed services	533,081
Balance at December 31, 2021	<u>533,081</u>

All the contract liabilities are expected to be recognized as revenue within one year.

19 Redemption liabilities for ordinary shares and derivative financial instruments

In the year of incorporation and as part of a business reorganization of the Company, three classes of shares namely Investor Ordinary Shares ("IOS"), Existing Shareholders Ordinary Shares ("ESOS") and Other Ordinary Shares ("OOS") were issued to shareholders.

In August 2020, the Company signed share purchase agreements with investors and amended the memorandum and articles of association ("2nd MAA"), and issued IOS for cash to 1st D-Round investors. Pursuant to the 2nd MAA, the terms of the then pre-existing IOS, ESOS and OOS were modified in a way that the Company is obliged to redeem all or any portion of IOS and ESOS at a specified price if neither a qualified initial public listing ("IPO") nor a qualified trade sale as defined in the 2nd MAA occurs by December 31, 2025. Alternatively, the Company is required to provide an acceptable exit to the holders of IOS and ESOS. IOS, ESOS and OOS are subject to different liquidation rights which are further described in note 23.

All of the redemption features of IOS and ESOS shall expire and become null and void upon consummation of a qualified IPO or a qualified trade sale as defined in the 2nd MAA.

During the year ended December 31, 2021, the Company (i) further signed share purchase agreements with investors to issue IOS for cash to 2nd D-Round investors and (ii) issued IOS as consideration in relation to the acquisition of MCD and Sanomics. These IOS are subject to the same terms of redemption as described above.

The redemption liabilities are measured at the present value of the redemption price multiplied by the number of outstanding IOS and ESOS at each reporting date. The changes in carrying amount of redemption liabilities are recognized in profit or loss and the redemption liabilities are classified as non-current liabilities.

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19 Redemption liabilities for ordinary shares and derivative financial instruments (continued)

The movements of redemption liabilities for ordinary shares during the year ended December 31, 2021 are as follows:

	\$
At January 1, 2021	<u>88,278,209</u>
Issuance of IOS	56,534,568
Changes in carrying amount of redemption liabilities	<u>46,564,476</u>
At December 31, 2021	<u><u>191,377,253</u></u>

Apart from the rights of redemption as described above, the holders of IOS issued during the 1st and 2nd D-Round fundraising (“D-Round IOS”) also have the right for indemnity for price protection. According to the 2nd MAA, if the valuation of an IPO or a trade sale is less than a specified valuation as set out in the 2nd MAA and the Company nonetheless desires to proceed with such an IPO or trade sale any time before December 31, 2025, the Company shall indemnify the holders of D-Round IOS by way of the allotment of new ordinary shares to the holders at no cost prior to the IPO or trade sale in accordance with the calculation set out in the 2nd MAA. Such indemnity obligation for price protection is separately accounted for as a derivative financial instrument and measured at fair value through profit or loss.

The movements of derivative financial instruments during the year ended December 31, 2021 are as follows:

	\$
At January 1, 2021	4,948,000
Issuance of derivative financial instruments	7,508,000
Changes in the fair value of derivative financial instruments	<u>(3,015,000)</u>
At December 31, 2021	<u><u>9,441,000</u></u>

20 Bank loans and other borrowings

(a) The analysis of the repayment schedule of bank loans and other borrowings are as follows:

	\$
Within 1 year or on demand	<u>27,513</u>
After 1 year but within 2 years	33,032
After 2 years but within 5 years	<u>59,672</u>
	<u>92,704</u>
	<u><u>120,217</u></u>

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20 Bank loans and other borrowings (continued)

(b) At December 31, 2021, the bank loans and other borrowings were secured as follows:

	\$
Secured borrowings	
- Bank loans	105,708
- Other loans	14,509
	<u>120,217</u>

The bank loan is secured by the United Kingdom government under the Bounce Back Loan Scheme which enables smaller businesses to access finance more quickly during the coronavirus outbreak. The bank loan bears interest at 2.5% per annum and was acquired by the Group in a business combination in June 2021. The bank loan is repayable by instalments over a 6-year period.

The other loan is secured against certain plant and machinery and bears interest at 5% per annum.

21 Lease liabilities

The lease liabilities are repayable as follows:

	\$
Within 1 year	1,122,783
After 1 year but within 2 years	1,033,300
After 2 years but within 5 years	1,360,439
	<u>2,393,739</u>
	<u>3,516,522</u>

22 Income tax in the consolidated statement of financial position

(a) *Current taxation in the consolidated statement of financial position represents:*

	\$
Balance of provision relating to prior years	<u>6,246</u>

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22 Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognized:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognized in the consolidated statement of financial position and the movements during the year ended December 31, 2021 are as follows:

Deferred tax arising from:	Provision for reinstatement costs \$	Provision for employee benefits \$	Credit loss allowance \$	Unrealised foreign exchange revaluation \$	Intangible assets acquired in business combinations \$	Depreciation allowance in excess of related depreciation \$	Tax losses \$	Total \$
At January 1, 2021	(7,261)	(6,576)	(17,001)	161,999	—	—	—	131,161
Acquisition of subsidiaries	—	—	—	—	542,000	228,347	(1,237,888)	(467,541)
(Credited)/charged to profit or loss	—	(1,763)	(20,327)	60,756	—	—	(9,200)	29,466
Exchange adjustments	(210)	(211)	(734)	5,404	—	(660)	10,305	13,894
At December 31, 2021	<u>(7,471)</u>	<u>(8,550)</u>	<u>(38,062)</u>	<u>228,159</u>	<u>542,000</u>	<u>227,687</u>	<u>(1,236,783)</u>	<u>(293,020)</u>

(ii) Reconciliation to the consolidated statement of financial position

	\$
Net deferred tax asset recognized in the consolidated statement of financial position	1,063,179
Net deferred tax liability recognized in the consolidated statement of financial position	(770,159)
	<u>293,020</u>

(c) Deferred tax assets not recognized:

In accordance with the accounting policy set out in note 4(p), the Group has not recognized deferred tax assets in respect of cumulative tax losses of \$56,806,017 as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdictions and entities.

The expiry dates of the cumulative tax losses are as follows:

	\$
Within 1 year	36,928
More than 1 year but less than 5 years	8,790,368
More than 5 years but less than 10 years	33,657,100
Do not expire under the relevant tax legislations	14,321,621
	<u>56,806,017</u>

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23 Capital, reserves and dividends

(a) Share capital

(i) Authorized share capital

	<i>Investor Ordinary Shares</i>	<i>Existing Shareholder Ordinary Shares</i>	<i>Other Ordinary Shares</i>
Number of authorized shares			
As at December 31, 2021	<u>99,482,759</u>	<u>27,834,960</u>	<u>57,682,281</u>

(ii) Issued share capital

	<i>Investor Ordinary Shares</i>		<i>Existing Shareholder Ordinary Shares</i>		<i>Other Ordinary Shares</i>		<i>Total amount \$</i>
	<i>No. of shares</i>	<i>Amount \$</i>	<i>No. of shares</i>	<i>Amount \$</i>	<i>No. of shares</i>	<i>Amount \$</i>	
Issued and fully paid:							
As at January 1, 2021	39,022,225	3,903	27,834,960	2,783	30,268,110	3,027	9,713
Issuance of IOS	<u>48,485,904</u>	<u>4,848</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,848</u>
As at December 31, 2021	<u>87,508,129</u>	<u>8,751</u>	<u>27,834,960</u>	<u>2,783</u>	<u>30,268,110</u>	<u>3,027</u>	<u>14,561</u>

In 2021, the Company issued 48,485,904 IOS to new and existing shareholders, of which 11,406,512 shares were issued for cash of \$13,299,993 and 37,079,392 shares were issued as consideration for the acquisitions of MCD and Sanomics as set out in note 14.

The liquidation order of the share capital will be: (i) first, to the holders of IOS for 70% of their share purchase price, (ii) second, to the holders of ESOS for 70% of their share purchase price; (iii) third, to the holders of IOS and ESOS for 30% of their share purchase price plus an annual percentage rate of 8% on their investment (in the event that the liquidation is caused by a default, an annual rate of return of 15%); and (iv) thereafter to the holders of OOS pro rata based on the number of shares held. Should the assets of funds available to the shareholders of the Company on a pro rata basis, without regard to any of the liquidation preferences would result in holders of IOS receiving a distribution greater than it would otherwise receive, the assets and funds shall be distributed to all shareholders on a pro rata basis (regardless of the class of shares).

All IOS, ESOS and OOS will be re-designated as ordinary shares subjected to conditions set out in note 19.

(b) Nature and purpose of reserves

(i) Capital reserve

The capital reserve represents share premium and the amounts arising from the recognition of redemption liabilities for ordinary shares and derivative financial instruments upon issuance of ordinary shares or modification of terms of these instruments.

(ii) Other reserve

Other reserve of the Group represents the difference between the paid-up capital of the Company's issued share capital and the amount of paid-up capital of ACT Genomics Co., Ltd. pursuant to the acquisition of equity interests in ACT Genomics Co., Ltd. by the Company in 2018.

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23 Capital, reserves and dividends (continued)

(iii) Stock compensation reserve

The stock compensation reserve represents the portion of the grant date fair values of incentive shares granted to directors, other employees and consultants of the Group that has been recognized in accordance with the accounting policy set out in note 4(o)(ii).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(s).

24 Equity-settled share-based payment transactions

The Company established multiple employee share option schemes: Existing ESOP Plan on August 24, 2018, ESOP 1 Plan on September 20, 2019 and ESOP 2 Plan on April 1, 2020, to attract and retain qualified personnel required by the Company and its subsidiaries. The share options are granted at the discretion of the management of the Company. Each option gives the holder the right to subscribe for one share in the Company.

During the year ended December 31, 2021, no additional share options were granted.

	<i>Number of options</i>	<i>Weighted average exercise price \$</i>
Outstanding at January 1, 2021	3,438,033	0.0001
Forfeited during the year	<u>(81,333)</u>	0.0001
Outstanding at December 31, 2021	<u>3,356,700</u>	0.0001
Exercisable at December 31, 2021	3,161,717	0.0001
Unvested at December 31, 2021	<u>194,983</u>	0.0001

For the year ended December 31, 2021, the Group recognized equity-settled share-based payment expenses of \$262,524, of which \$1,787, \$241,543 and \$19,194 were awarded to directors, other employees and consultant, respectively.

As at December 31, 2021, the weighted average exercise price and the weighted average remaining contractual life are \$0.0001 and 7.2 years, respectively.

The fair value of each option is estimated on the date of grant using the binomial lattice model.

25 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

ACT Genomics Holdings Company Limited
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25 Capital risk management (continued)

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders return, taking into consideration future plans of the Group, capital efficiency, projected operating cash flows and projected capital expenditures.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the Group's future plans. To maintain or adjust the capital structure, the Group may issue new shares, raise new debt financing or repay existing debts. The redemption liabilities and derivative financial instruments arising from the issuance of ordinary shares as set out in note 19 are monitored by the Group on an ongoing basis, in particular when the Group contemplates a transaction that may have a consequential effect on these instruments under the relevant contractual terms.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 Financial risk management and fair value of financial instruments

The Group's major financial assets and liabilities include trade and other receivables, bank balances and cash, trade and other payables, redemption liabilities for ordinary shares and derivative financial instruments. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited as the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have insignificant credit risk. The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, 14% of total trade receivables was due from the Group's largest external customer.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the billing date. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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26 Financial risk management and fair value of financial instruments (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	<i>Expected loss rate %</i>	<i>Gross carrying amount \$</i>	<i>ECLs \$</i>
Current (not past due)	0.6%	2,764,801	17,685
1 – 90 days past due	8.3%	321,938	26,526
91 – 180 days past due	33.9%	95,952	32,546
181 – 360 days past due	89.9%	196,582	176,808
More than 1 year past due	100%	1,236,173	1,236,099
		<u>4,615,446</u>	<u>1,489,664</u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables is as follows:

	\$
At January 1, 2021	677,563
Acquisitions of subsidiaries	36,771
Impairment loss recognized during the year	738,103
Exchange adjustments	37,227
At December 31, 2021	<u>1,489,664</u>

(b) Liquidity risk

The Group regularly monitors its liquidity requirement and maintains a sufficient level of cash and cash equivalents to finance the Group's operations. The Group raised additional funds primarily through issuance of new shares to investors, which gave rise to recognition of redemption liabilities as set out in note 19. The Group manages the liquidity requirement arising from these redemption liabilities by, among others, raising additional funds from new investors and contemplating transactions or arrangements that would relieve the Group from fulfilling the redemption obligations under the relevant contractual terms.

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26 Financial risk management and fair value of financial instruments (continued)

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	<i>Within 1 year or on demand \$</i>	<i>More than 1 year but less than 2 years \$</i>	<i>More than 2 year but less than 5 years \$</i>	<i>Total undiscounted cash flows \$</i>	<i>Carrying amount \$</i>
At December 31, 2021					
Trade and other payables and other accruals	6,137,726	90,725	170,179	6,398,630	6,398,630
Deferred consideration for acquisition	9,000,000	—	—	9,000,000	8,470,588
Lease liabilities	1,157,914	1,077,084	1,417,374	3,652,372	3,516,522
Bank loans and other borrowings	29,896	34,841	61,582	126,319	120,217
Redemption liabilities for ordinary shares	—	—	440,278,989	440,278,989	191,377,253
	<u>16,325,536</u>	<u>1,202,650</u>	<u>441,928,124</u>	<u>459,456,310</u>	<u>209,883,210</u>

(c) Currency risk

The Group is exposed to currency risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, Euro and Australian Dollar.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	<i>United States dollars \$</i>	<i>Euro \$</i>	<i>Australian Dollar \$</i>
Trade and other receivables	398,425	—	211,729
Cash and cash equivalents	177,470	773,325	—
Trade and other payables	(348,418)	—	—
Net exposure to currency risk	<u>227,477</u>	<u>773,325</u>	<u>211,729</u>

(ii) Sensitivity analysis

The following table indicates the instantaneous change on the Group's loss after taxation that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had

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26 Financial risk management and fair value of financial instruments (continued)

changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies.

	<i>Increase in foreign exchange rates %</i>	<i>Increase on loss after taxation \$</i>
United States Dollars	5	11,374
Euro	5	38,666
Australian Dollars	5	10,586

The effect on loss after taxation by decreasing the foreign exchange rates by 5% is in the same magnitude yet opposite direction with the above table.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after taxation measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(d) Fair value measurement**(i) Financial instruments measured at fair value***Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

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26 Financial risk management and fair value of financial instruments (continued)

	Fair value at December 31, 2021 \$	Fair value measurements as at December 31, 2021 categorized into		
		Level 1 \$	Level 2 \$	Level 3 \$
Recurring fair value measurements				
<i>Liabilities:</i>				
Contingent consideration	1,775,592	—	—	1,775,592
Derivative financial instruments	<u>9,441,000</u>	<u>—</u>	<u>—</u>	<u>9,441,000</u>

During the year ended December 31, 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of derivative financial instruments is determined using equity allocation method, with and without considering the price protection feature. Significant unobservable inputs, being the equity value of the Group of \$137.5 million and expected volatility adopted in the equity allocation method of 48.3% were included in the fair value measurement. When the equity value of the Group was lower or expected volatility adopted in the equity allocation method was higher, the estimated fair value would increase correspondingly. Management believes that any reasonably foreseeable change in any of the above unobservable inputs would not cause the fair value to have material changes.

The fair value of contingent consideration is determined using a probability-weighted scenario method. Significant unobservable inputs, being 95% probability of the license renewal and meeting revenue target of MCD and its subsidiary were included in the fair value measurement. When the probability of the license renewal or the estimated revenue of MCD and its subsidiary were higher, the estimated fair value would increase correspondingly. There had been no material change in the estimated fair value subsequent to initial measurement. Management believes that any reasonably foreseeable change in any of the above unobservable inputs would not cause the fair value to have material changes.

ACT Genomics Holdings Company Limited
Consolidated financial statements for the year ended December 31, 2021

26 Financial risk management and fair value of financial instruments (continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	\$
Derivative financial instruments:	
At January 1, 2021	4,948,000
Issuance of derivative financial instruments	7,508,000
Changes in the fair value of derivative financial instruments	<u>(3,015,000)</u>
At December 31, 2021	<u>9,441,000</u>
	\$
Contingent consideration:	
At January 1, 2021	—
Recognition upon business combination	<u>1,775,592</u>
At December 31, 2021	<u>1,775,592</u>

(ii) Financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values as at December 31, 2021.

27 Related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	\$
Salaries and other emoluments	864,841
Discretionary bonuses	9,853
Retirement scheme contributions	<u>16,809</u>
	<u>891,503</u>

(b) Transactions with other related parties

During the year ended December 31, 2021, the Group entered into the following material related party transaction:

	\$
Sales to an associate	<u>457,923</u>

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Consolidated financial statements for the year ended December 31, 2021

28 Events after the reporting period

In March 2022, the Company signed share purchase agreements with investors and issued IOS for cash of \$5,000,000 to E-Round investors.

On December 16, 2022, the Company and certain of the Company's shareholders (the "Sellers") entered into an agreement with Prenetics Global Limited (the "Buyer") for sale and purchase of the issued shares in the Company (the "SPA"). Pursuant to the SPA, each Seller agreed to sell to the Buyer, and the Buyer agreed to buy shares of the Company, by way of share exchange at a pre-determined ratio, plus certain cash incentive payments to the Sellers for entering into the transaction. In addition, the Company should issue, and Prenetics should subscribe for, convertible bond in the principal amount of US\$10,000,000 at completion of the transaction.

On December 22, 2022, the Company agreed with the selling shareholders of Sanomics to settle the deferred consideration of \$9,000,000 in respect of the acquisition of Sanomics by issuance of 7,718,696 IOS in lieu of cash.

On December 30, 2022, the transaction was completed where the Buyer has obtained a controlling interest in the Company and subscribed for the convertible bond issued by the Company. On the same date, the Company adopted an amended memorandum and articles of association, pursuant to which the redemption rights granted to the holders of IOS and ESOS in prior periods were terminated and no further redemption rights were granted to any shareholders of the Company. Accordingly, the entire balance of redemption liabilities for ordinary shares and derivative financial instruments (see note 19) were reclassified to equity.

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ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

Consolidated statement of profit or loss
for the nine months ended September 30, 2022 - unaudited
(Expressed in United States dollars unless otherwise indicated)

	Note	For the nine months ended September 30, 2022 \$
Revenue	3	11,398,374
Cost of sales		(5,099,358)
Gross profit		6,299,016
Other revenue	4(a)	2,219
Other net loss	4(b)	(3,812,525)
Research and development expenses		(4,464,230)
Distribution and selling expenses		(3,920,473)
General and administrative expenses		(4,576,613)
Loss from operations		(10,472,606)
Finance costs	5(a)	(537,909)
Share of losses of associates		(319,409)
Changes in carrying amount of redemption liabilities	10	(32,454,289)
Changes in the fair value of derivative financial instruments	10	(3,130,000)
Loss before taxation	5	(46,914,213)
Income tax	6	(615,141)
Loss for the period		(47,529,354)
Attributable to:		
Equity shareholders of the Company		(47,473,160)
Non-controlling interests		(56,194)
Loss for the period		(47,529,354)

The accompanying notes form part of this interim financial report.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

Consolidated statement of profit or loss and other comprehensive income
for the nine months ended September 30, 2022 - unaudited
(Expressed in United States dollars unless otherwise indicated)

	For the nine months ended September 30, 2022 \$
Loss for the period	(47,529,354)
Other comprehensive income for the period	
<i>Item that may be reclassified subsequently to profit or loss:</i>	
Exchange differences on translation of financial statements of overseas subsidiaries	3,017,654
Total comprehensive income for the period	<u>(44,511,700)</u>
Attributable to:	
Equity shareholders of the Company	(44,493,486)
Non-controlling interests	(18,214)
Total comprehensive income for the period	<u>(44,511,700)</u>

The accompanying notes form part of this interim financial report.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

Consolidated statement of financial position at September 30, 2022 - unaudited
(Expressed in United States dollars unless otherwise indicated)

	Note	September 30, 2022 \$	December 31, 2021 \$
Assets			
Property, plant and equipment	7	6,089,315	9,077,621
Intangible assets and goodwill	8	11,339,728	12,520,837
Deferred tax assets		212,843	1,063,179
Interests in associates		847,246	1,219,427
Prepayment and deposits	9	1,055,662	747,537
Non-current assets		<u>19,544,794</u>	<u>24,628,601</u>
Inventories		1,656,798	2,055,143
Trade and other receivables	9	3,895,132	5,574,265
Amount due from an associate		581,865	135,706
Cash and cash equivalents		6,365,469	6,223,890
Current assets		<u>12,499,264</u>	<u>13,989,004</u>
Total assets		<u><u>32,044,058</u></u>	<u><u>38,617,605</u></u>
Liabilities			
Bank loans and other borrowings		23,489	27,513
Trade and other payables		3,566,855	6,137,726
Contract liabilities		376,810	533,081
Deferred consideration for acquisition		8,955,882	8,470,588
Lease liabilities		994,929	1,122,783
Derivative financial instruments	10	15,100,000	9,441,000
Current taxation		5,607	6,246
Current liabilities		<u>29,023,572</u>	<u>25,738,937</u>
Bank loans and other borrowings		59,045	92,704
Other accruals		232,594	260,904
Lease liabilities		1,576,743	2,393,739
Deferred tax liabilities		507,603	770,159
Redemption liabilities for ordinary shares	10	195,264,717	191,377,253
Non-current liabilities		<u>197,640,702</u>	<u>194,894,759</u>
Total liabilities		<u><u>226,664,274</u></u>	<u><u>220,633,696</u></u>
Equity			
Share capital		15,224	14,561
Reserves		(194,295,201)	(181,708,627)
Total deficit attributable to equity shareholders of the Company	11	(194,279,977)	(181,694,066)
Non-controlling interests		(340,239)	(322,025)
Total deficit		<u>(194,620,216)</u>	<u>(182,016,091)</u>
Total deficit and liabilities		<u><u>32,044,058</u></u>	<u><u>38,617,605</u></u>

The accompanying notes form part of this interim financial report.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

Consolidated statement of changes in equity
for the nine months ended September 30, 2022 – unaudited
(Expressed in United States dollars unless otherwise indicated)

	Attributable to equity shareholders of the Company						Non-controlling interests \$	Total deficit \$	
	Share capital \$	Capital reserve \$	Other reserve \$	Stock compensation reserve \$	Exchange reserve \$	Accumulated losses \$			Total \$
At January 1, 2022	14,561	(20,404,665)	16,273,498	2,256,823	(934,979)	(178,899,304)	(181,694,066)	(322,025)	(182,016,091)
Changes in equity for the period:									
Loss for the period	—	—	—	—	—	(47,473,160)	(47,473,160)	(56,194)	(47,529,354)
Other comprehensive income	—	—	—	—	2,979,674	—	2,979,674	37,980	3,017,654
Total comprehensive income	—	—	—	—	2,979,674	(47,473,160)	(44,493,486)	(18,214)	(44,511,700)
Issuance of ordinary shares	663	(415)	—	—	—	—	248	—	248
Issuance of derivative financial instruments	—	(2,529,000)	—	—	—	—	(2,529,000)	—	(2,529,000)
Equity-settled share-based payment transactions	—	—	—	69,697	—	—	69,697	—	69,697
Modification of redemption liabilities	—	34,366,630	—	—	—	—	34,366,630	—	34,366,630
At September 30, 2022	<u>15,224</u>	<u>11,432,550</u>	<u>16,273,498</u>	<u>2,326,520</u>	<u>2,044,695</u>	<u>(226,372,464)</u>	<u>(194,279,977)</u>	<u>(340,239)</u>	<u>(194,620,216)</u>

The accompanying notes form part of this interim financial report.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

Condensed consolidated statement of cash flows
for the nine months ended September 30, 2022 - unaudited
(Expressed in United States dollars unless otherwise indicated)

	\$
Cash flows from operating activities	
Cash used in operations	(3,325,817)
Net cash used in operating activities	<u>(3,325,817)</u>
Cash flows from investing activities	
Payment for purchase of property, plant and equipment	(86,453)
Proceeds from disposal of property, plant and equipment	69,957
Payment for purchase of intangible assets	(11,299)
Payment for contingent consideration	(395,560)
Interest received	2,219
Net cash used in investing activities	<u>(421,136)</u>
Cash flows from financing activities	
Proceeds from issuance of ordinary shares	5,000,000
Capital element of lease rentals paid	(748,058)
Interest element of lease rentals paid	(51,086)
Repayment of bank loans and other borrowings	(17,300)
Other borrowing cost paid	(1,529)
Net cash generated from financing activities	<u>4,182,027</u>
Net increase in cash and cash equivalents	435,074
Cash and cash equivalents at January 1, 2022	6,223,890
Effect of foreign exchange rate changes	(293,495)
Cash and cash equivalents at September 30, 2022	<u>6,365,469</u>

The accompanying notes form part of this interim financial report.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

Notes to the unaudited interim financial report
(Expressed in United States dollars unless otherwise indicated)

1 Reporting entity

ACT Genomics Holdings Company Limited (the “Company”) was incorporated on April 20, 2018 as an exempted company with limited liability under the Companies Law 2016 (revised) (as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (the “Group”) are principally engaged in next-generation sequencing concentrating on clinical applications of cancer biology, medical diagnostics products, and precision medicine for cancer prevention, treatment and monitoring.

2 Significant accounting policies

(a) Basis of preparation of the interim financial report

This interim financial report has been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”), except that it does not include comparative financial information for the nine months ended September 30, 2022 as required by IAS 34.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements of the Group, except for the accounting policy changes that are to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies and newly adopted accounting policies are set out in note 2(b).

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, 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.

This interim financial report contains 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 of the Group. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The condensed consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of \$16,524,308 as at September 30, 2022. The management closely monitors the Group’s financial performance and liquidity position and has put in place measures to alleviate liquidity pressure. The Group had cash and cash equivalents of \$6,365,469 as at September 30, 2022. The deferred consideration of \$9,000,000 in connection with the Company’s acquisition of Sanomics Holdings Limited and its subsidiaries (“Sanomics”) was settled via the issuance of the Company’s shares in December 2022 and therefore did not affect the Group’s liquidity position.

The management and the directors of the Company are of the opinion that, taking into account the above measures, the Group has sufficient working capital to meet its liabilities and obligations as and when they fall due.

(b) Changes in accounting policies and newly adopted accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IFRS 3, *Reference to the Conceptual Framework*

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

2 Significant accounting policies (continued)

- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*
- Annual Improvements to IFRSs 2018-2020 Cycle

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue

The principal activities of the Group are engaging in next-generation sequencing concentrating on clinical applications of cancer biology, medical diagnostics products, and precision medicine for cancer prevention, treatment and monitoring.

Disaggregation of revenue from contracts with customers is as follows:

	For the nine months ended September 30, 2022 \$
Revenue from contracts with customers within the scope of IFRS 15	
Provision of cancer genetic testing services	9,722,321
Sales of medical diagnostics products	1,476,053
Revenue from technical support and maintenance services	200,000
	<u>11,398,374</u>

4 Other revenue and other net loss

	For the nine months ended September 30, 2022 \$
(a) Other revenue	
Bank interest income	2,219
(b) Other net loss	
Net foreign exchange loss	(3,969,641)
Others	157,116
	<u>(3,812,525)</u>

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

5 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	For the nine months ended September 30, 2022
	\$
Interest on lease liabilities	51,086
Interest expenses on deferred consideration	485,294
Interest expenses on bank loans	1,529
	<u>537,909</u>

(b) Staff costs

	For the nine months ended September 30, 2022
	\$
Salaries, wages and other benefits	7,482,143
Contributions to defined contribution retirement plan	409,472
Equity-settled share-based payment expenses (note 12)	69,697
	<u>7,961,312</u>

(c) Other items

	For the nine months ended September 30, 2022
	\$
Cost of inventories	2,351,327
Depreciation charge	
- owned property, plant and equipment	1,783,306
- right-of-use assets	722,126
Amortization of intangible assets	237,590
Impairment loss on trade receivables	138,789
	<u>138,789</u>

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

6 Income tax in the consolidated statement of profit or loss

Taxation in the consolidated statement of profit or loss represents:

	For the nine months ended September 30, 2022 \$
Deferred tax	
Origination and reversal of temporary differences	<u>(615,141)</u>

- (i) Subsidiaries incorporated in Taiwan are subject to Corporate Income Tax at a rate of 20%. No provision has been made as these subsidiaries did not generate any taxable income for the period.
- (ii) Subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5%. Enhanced tax deductions had also been taken into account for qualifying research and development expenses that fulfills specific criteria set out in Section 16B and Schedule 45 of the Inland Revenue Ordinance. The first HK\$2 million of the qualified research and development expenses will be subject to a tax deduction rate of 300% and the remaining qualified research and development expenses will be subject to a tax deduction rate of 200%. No provision has been made as these subsidiaries did not generate any taxable income for the year.
- (iii) Subsidiaries incorporated in the United Kingdom are subject to Corporate Income Tax at a rate of 19%. No provision has been made as these subsidiaries had unutilized tax loss to set-off against taxable income or did not generate any taxable income for the period.
- (iv) Taxation for other overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

7 Property, plant and equipment

During the nine months ended September 30, 2022, the Group acquired items of property, plant and equipment with a cost of \$86,453. There were no disposals during the nine months ended September 30, 2022.

8 Intangible assets and goodwill

During the nine months ended September 30, 2022, the Group capitalized computer software with a cost of \$11,299. There were no disposals during the nine months ended September 30, 2022.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

9 Trade and other receivables

	September 30, 2022 \$	December 31, 2021 \$
Current portion		
Trade receivables, net of loss allowance	2,832,903	3,125,782
Other receivables	411,022	1,111,924
Financial assets measured at amortized cost	3,243,925	4,237,706
Prepayment	651,207	1,336,559
	<u>3,895,132</u>	<u>5,574,265</u>
Non-current portion		
Prepayment and deposits	1,055,662	747,537
	<u>4,950,794</u>	<u>6,321,802</u>

All of the trade and other receivables classified as current assets are expected to be recovered or recognized as expenses within one year. Trade receivables are due within 90 days from the date of billing.

10 Redemption liabilities for ordinary shares and derivative financial instruments

In March 2022, the Company signed share purchase agreements with investors and amended the memorandum and articles of association (“3rd MAA”), and issued IOS for cash to E-Round investors (“E-Round IOS”). The redemption price for determining the redemption liabilities of each of the holders of IOS and ESOS, if neither a qualified initial public listing (“IPO”) nor a qualified trade sale as defined in the 3rd MAA occurs by December 31, 2025, has been modified from the redemption price under the 2nd MAA. In view that the modification of redemption price for the existing IOS and ESOS were agreed among the holders of these IOS and ESOS and the Company in their capacity as shareholders and share issuer respectively without any exchange of consideration, the resultant changes in carrying amounts of the redemption liabilities were accounted for as equity transactions and recognized in capital reserve.

The redemption liabilities are measured at the present value of the redemption price multiplied by the number of outstanding IOS and ESOS at each reporting date. The changes in carrying amount of redemption liabilities (other than the changes due to modification) are recognized in profit or loss and the redemption liabilities are classified as non-current liabilities.

The movements of redemption liabilities for ordinary shares during the period ended September 30, 2022 are set out as follows:

	\$
At January 1, 2022	191,377,253
Issuance of IOS	5,799,805
Changes in carrying amount of redemption liabilities	32,454,289
Changes in carrying amount of redemption liabilities due to modification	(34,366,630)
At September 30, 2022	<u>195,264,717</u>

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

10 Redemption liabilities for ordinary shares and derivative financial instruments (continued)

The holders of E-Round IOS also have the right for indemnity for price protection. According to the 3rd MAA, if the valuation of an IPO or a trade sale is less than a specified valuation as set out in the 3rd MAA and the Company nonetheless desires to proceed with such an IPO or trade sale any time before December 31, 2025, the Company shall indemnify the holders of E-Round IOS by way of allotment of new ordinary shares to the holders at no cost prior to the IPO or trade sale in accordance with the calculation set out in the 3rd MAA. The terms regarding the right for indemnity for price protection for the holders of D-Round IOS remained unchanged in the 3rd MAA. Such indemnity obligation for price protection is separately accounted for as a derivative financial instrument and measured at fair value through profit or loss.

The movements of derivative financial instruments during the period ended September 30, 2022 are set out as follows:

	\$
At January 1, 2022	<u>9,441,000</u>
Issuance of derivative financial instruments	2,529,000
Changes in the fair value of derivative financial instruments	<u>3,130,000</u>
At September 30, 2022	<u><u>15,100,000</u></u>

11 Share capital

Authorized share capital

	Investor Ordinary Shares	Existing Shareholder Ordinary Shares	Other Ordinary Shares
Number of authorized shares			
At September 30, 2022	<u>99,482,759</u>	<u>27,834,960</u>	<u>57,682,281</u>
At December 31, 2021	<u>99,482,759</u>	<u>27,834,960</u>	<u>57,682,281</u>

Issued share capital

	Investor Ordinary Shares		Existing Shareholder Ordinary Shares		Other Ordinary Shares		Total Amount \$
	No. of shares	Amount \$	No. of shares	Amount \$	No. of shares	Amount \$	
Issued and fully paid:							
At January 1, 2022	87,508,129	8,751	27,834,960	2,783	30,268,110	3,027	14,561
Issuance of IOS	4,149,980	415	—	—	—	—	415
Issuance of OOS	—	—	—	—	2,482,134	248	248
At September 30, 2022	<u>91,658,109</u>	<u>9,166</u>	<u>27,834,960</u>	<u>2,783</u>	<u>32,750,244</u>	<u>3,275</u>	<u>15,224</u>

During the nine months ended September 30, 2022, the Company issued 4,149,980 IOS to new and existing shareholders, of which 3,464,040 shares were issued for cash of \$5,000,000 and 685,940 shares were issued for settling the contingent consideration in respect of the acquisitions of MC Diagnostics Limited and Sanomics in 2021.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

12 Equity-settled share-based payment transactions

The Company established multiple employee share option schemes: Existing ESOP Plan on August 24, 2018, ESOP 1 Plan on September 20, 2019 and ESOP 2 Plan on April 1, 2020, to attract and retain qualified personnel required by the Company and its subsidiaries. The share options are granted at the discretion of the management of the Company. Each option gives the holder the right to subscribe for one share in the Company.

During the period ended September 30, 2022, no additional share options were granted.

	Number of options	Weighted average exercise price \$
Outstanding at January 1, 2022	3,356,700	0.0001
Forfeited during the period	(75,000)	0.0001
Exercised during the period	(2,482,134)	0.0001
Outstanding at September 30, 2022	<u>799,566</u>	0.0001
Exercisable at September 30, 2022	749,566	0.0001
Unvested at September 30, 2022	<u>50,000</u>	0.0001

For the period ended September 30, 2022, the Group recognized equity-settled share-based payment expenses of \$69,697, which were awarded to the employees.

As at September 30, 2022, the weighted average exercise price and the weighted average remaining contractual life are \$0.0001 and 6.45 years, respectively.

13 Fair value of financial instruments

(i) Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

13 Fair value of financial instruments (continued)

	Fair value at September 30, 2022 \$	Fair value measurements as at September 30, 2022 categorized into		
		Level 1 \$	Level 2 \$	Level 3 \$
Recurring fair value measurements				
<i>Liabilities:</i>				
Contingent consideration	803,520	—	—	803,520
Derivative financial instruments	<u>15,100,000</u>	<u>—</u>	<u>—</u>	<u>15,100,000</u>

During the nine months period ended September 30, 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of derivative financial instruments is determined using equity allocation method, with and without considering the price protection feature. Significant unobservable inputs, being the equity value of the Group of \$72.9 million and expected volatility adopted in the equity allocation method of 39.3% were included in the fair value measurement. When the equity value of the Group was lower or expected volatility adopted in the equity allocation method was lower, the estimated fair value would increase correspondingly. Management believes that any reasonably foreseeable change in any of the above unobservable inputs would not cause the fair value to have material changes.

The fair value of contingent consideration is determined using a probability-weighted scenario method. Significant unobservable input, being meeting revenue target of MCD and its subsidiary was included in the fair value measurement. When the estimated revenue of MCD and its subsidiary were higher, the estimated fair value would increase correspondingly. Management believes that any reasonably foreseeable change in any of the above unobservable inputs would not cause the fair value to have material changes.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	\$
Derivative financial instruments:	
At January 1, 2022	9,441,000
Issuance of derivative financial instruments	2,529,000
Changes in the fair value of derivative financial instruments	3,130,000
At September 30, 2022	<u>15,100,000</u>
Contingent consideration:	
At January 1, 2022	1,775,592
Settlement during the period	(972,072)
At September 30, 2022	<u>803,520</u>

(ii) Financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at amortized cost are not materially different from their fair values as of September 30, 2022.

ACT Genomics Holdings Company Limited
Interim financial report for the nine months ended September 30, 2022

14 Material related party transactions

Apart from balances and transactions disclosed elsewhere in this interim financial report, the Group has also entered into the following material related party transactions under the normal course of the Group's business:

Transactions with other related parties

	For the nine months ended September 30, 2022 \$
Sales to an associate	<u><u>335,582</u></u>

15 Events after the reporting period

On December 16, 2022, the Company and certain of the Company's shareholders (the "Sellers") entered into an agreement with Prenetics Global Limited (the "Buyer") for sale and purchase of the issued shares in the Company (the "SPA"). Pursuant to the SPA, each Seller agreed to sell to the Buyer, and the Buyer agreed to buy shares of the Company, by way of share exchange at a pre-determined ratio, plus certain cash incentive payments to the Sellers for entering into the transaction. In addition, the Company should issue, and Prenetics should subscribe for, convertible bond in the principal amount of US\$10,000,000 at completion of the transaction.

On December 22, 2022, the Company agreed with the selling shareholders of Sanomics to settle the deferred consideration of \$9,000,000 in respect of the acquisition of Sanomics by issuance of 7,718,696 IOS in lieu of cash.

On December 30, 2022, the transaction was completed where the Buyer has obtained a controlling interest in the Company and subscribed for the convertible bond issued by the Company. On the same date, the Company adopted an amended memorandum and articles of association, pursuant to which, the redemption rights granted to the holders of IOS and ESOS in prior periods were terminated and no further redemption rights were granted to any shareholders of the Company. Accordingly, the entire balance of redemption liabilities for ordinary shares and derivative financial instruments (note 13) were reclassified to equity.

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Prenetics Global Limited
(Incorporated in the Cayman Islands)
and its Subsidiaries
Annual Report
For the financial year ended December 31, 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Prenetics Global Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Prenetics Global Limited and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG

We have served as the Company's auditor since 2017.

Hong Kong
May 1, 2023

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Consolidated statements of profit or loss and other comprehensive income

(Expressed in United States dollars unless otherwise indicated)

	Note	2022 \$	2021 \$	2020 \$
Revenue	5(B), 6	275,761,298	275,852,753	65,179,515
Direct costs		(144,206,412)	(169,721,542)	(38,834,696)
Gross profit		131,554,886	106,131,211	26,344,819
Other income and other net gains/(losses)	7	404,643	138,948	(315,404)
Share of loss of a joint venture		—	—	(1,133,321)
Selling and distribution expenses		(13,301,436)	(21,932,322)	(6,492,635)
Research and development expenses		(15,519,228)	(10,563,952)	(2,782,123)
Restructuring costs in relation to diagnostic business	8(c)	(30,378,741)	—	—
Administrative and other operating expenses		(96,063,312)	(83,991,413)	(16,616,462)
Loss from operations		(23,303,188)	(10,217,528)	(995,126)
Fair value loss on financial assets at fair value through profit or loss	18	(9,363,495)	(94,000)	—
Share-based payment on listing	30	(89,546,601)	—	—
Fair value loss on convertible securities	24	—	(29,054,669)	(2,846,750)
Fair value loss on preference shares liabilities	25	(60,091,353)	(125,398,798)	—
Fair value gain on warrant liabilities	26	3,196,538	—	—
Write-off on amount due from a shareholder		—	(106,179)	—
Gain on bargain purchase	34(b)	—	117,238	—
Loss on disposal of a subsidiary		—	(292,132)	—
Other finance costs	8(a)	(4,198,184)	(5,238,030)	(59,567)
Loss before taxation	8	(183,306,283)	(170,284,098)	(3,901,443)
Income tax (expense)/credit	9(a)	(7,147,104)	(3,732,744)	1,937,558
Loss for the year		(190,453,387)	(174,016,842)	(1,963,885)
Other comprehensive income for the year				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of subsidiaries and a joint venture outside Hong Kong		(4,842,932)	260,112	1,581,372
Total comprehensive income for the year		(195,296,319)	(173,756,730)	(382,513)

[Table of Contents](#)**Consolidated statements of profit or loss and other comprehensive income (continued)***(Expressed in United States dollars unless otherwise indicated)*

	Note	2022 \$	2021 \$	2020 \$
Loss attributable to:				
Equity shareholders of the Company		(190,453,333)	(174,009,273)	(1,939,689)
Non-controlling interests		(54)	(7,569)	(24,196)
		<u>(190,453,387)</u>	<u>(174,016,842)</u>	<u>(1,963,885)</u>
Total comprehensive income attributable to:				
Equity shareholders of the Company		(195,296,265)	(173,749,161)	(358,317)
Non-controlling interests		(54)	(7,569)	(24,196)
		<u>(195,296,319)</u>	<u>(173,756,730)</u>	<u>(382,513)</u>
Loss per share				
Basic	10	(2.50)	(11.92)	(0.15)
Diluted	10	(2.50)	(11.92)	(0.15)

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

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Consolidated statements of financial position

(Expressed in United States dollars unless otherwise indicated)

	Note	2022 \$	2021 \$
Assets			
Property, plant and equipment	11	13,102,546	13,037,192
Intangible assets	12	14,785,875	23,826,282
Goodwill	13	33,800,276	3,978,065
Interests in associates	14	788,472	—
Deferred tax assets	9(c)	243,449	79,702
Deferred expenses	17	6,307,834	—
Other non-current assets	15	1,292,462	693,548
Non-current assets		<u>70,320,914</u>	<u>41,614,789</u>
Deferred expenses	17	4,577,255	—
Inventories	16	4,534,072	6,829,226
Trade receivables	17	41,691,913	47,041,538
Deposits, prepayments and other receivables	17	6,889,114	7,817,756
Amounts due from related companies		—	9,060
Financial assets at fair value through profit or loss	18	17,537,608	9,906,000
Short-term deposits	19(a)	19,920,160	—
Cash and cash equivalents	19(b)	146,660,195	35,288,952
Current assets		<u>241,810,317</u>	<u>106,892,532</u>
Total assets		<u><u>312,131,231</u></u>	<u><u>148,507,321</u></u>
Liabilities			
Deferred tax liabilities	9(c)	3,185,440	659,498
Preference shares liabilities	25	—	486,404,770
Warrant liabilities	26	3,574,885	—
Lease liabilities	22	3,763,230	3,600,232
Other non-current liabilities	20	949,701	—
Non-current liabilities		<u>11,473,256</u>	<u>490,664,500</u>
Trade payables		7,291,133	9,979,726
Accrued expenses and other current liabilities	20	15,611,421	36,280,298
Contract liabilities	21	5,674,290	9,587,245
Lease liabilities	22	2,882,933	1,666,978
Liabilities for puttable financial instrument	27	17,138,905	—
Tax payable		8,596,433	1,223,487
Current liabilities		<u>57,195,115</u>	<u>58,737,734</u>
Total liabilities		<u><u>68,668,371</u></u>	<u><u>549,402,234</u></u>

[Table of Contents](#)**Consolidated statements of financial position (continued)***(Expressed in United States dollars unless otherwise indicated)*

	<i>Note</i>	2022 \$	2021 \$
Equity			
Share capital	28	13,698	1,493
Reserves		<u>237,050,429</u>	<u>(400,811,431)</u>
Total equity/(equity deficiency) attributable to equity shareholders of the Company		237,064,127	(400,809,938)
Non-controlling interests		<u>6,398,733</u>	<u>(84,975)</u>
Total equity/(equity deficiency)		<u>243,462,860</u>	<u>(400,894,913)</u>
Total equity and liabilities		<u>312,131,231</u>	<u>148,507,321</u>

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

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Consolidated statements of changes in equity
(Expressed in United States dollars unless otherwise indicated)

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total	
		Share capital	Share premium	Treasury stock	Translation reserve	Other reserve	Capital reserve	Accumulated losses			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance at January 1, 2020		45,691,346	—	—	(813,749)	—	13,669,801	(41,641,482)	16,905,916	(53,210)	16,852,706
Changes in equity for the year:											
Loss for the year		—	—	—	—	—	—	(1,939,689)	(1,939,689)	(24,196)	(1,963,885)
Other comprehensive income		—	—	—	1,581,372	—	—	—	1,581,372	—	1,581,372
Total comprehensive income		—	—	—	1,581,372	—	—	(1,939,689)	(358,317)	(24,196)	(382,513)
Equity-settled share-based transactions	29	—	—	—	—	—	1,617,469	—	1,617,469	—	1,617,469
Vesting of shares under the restricted share scheme	29	—	—	—	—	—	48,622	—	48,622	—	48,622
Issuance of exchange loan notes		—	—	—	—	12,870,723	—	—	12,870,723	—	12,870,723
Shares issued upon conversion of exchange loan notes		7,549,258	—	—	—	(7,549,258)	—	—	—	—	—
Balance at December 31, 2020 and January 1, 2021		53,240,604	—	—	767,623	5,321,465	15,335,892	(43,581,171)	31,084,413	(77,406)	31,007,007
Changes in equity for the year:											
Loss for the year		—	—	—	—	—	—	(174,009,273)	(174,009,273)	(7,569)	(174,016,842)
Other comprehensive income		—	—	—	260,112	—	—	—	260,112	—	260,112
Total comprehensive income		—	—	—	260,112	—	—	(174,009,273)	(173,749,161)	(7,569)	(173,756,730)
Equity-settled share-based transactions	29	—	—	—	—	—	22,494,918	—	22,494,918	—	22,494,918
Vesting of shares under the restricted share scheme		—	—	—	—	—	4,517	—	4,517	—	4,517
Reclassification to preference shares liabilities	25	(37,890,771)	—	—	—	(241,942,035)	—	—	(279,832,806)	—	(279,832,806)
Reclassification to share premium arising from the restructuring	28(a)	(15,348,379)	15,348,379	—	—	—	—	—	—	—	—
Shares issued upon conversion of exchange loan notes	28(a)	39	1,777,990	—	—	(1,778,029)	—	—	—	—	—
Fair value loss of convertible securities	24	—	—	—	—	(811,819)	—	—	(811,819)	—	(811,819)
Balance at December 31, 2021		<u>1,493</u>	<u>17,126,369</u>	<u>—</u>	<u>1,027,735</u>	<u>(239,210,418)</u>	<u>37,835,327</u>	<u>(217,590,444)</u>	<u>(400,809,938)</u>	<u>(84,975)</u>	<u>(400,894,913)</u>

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Consolidated statements of changes in equity (continued)

(Expressed in United States dollars unless otherwise indicated)

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total	
		Share capital	Share premium	Treasury stock	Translation reserve	Other reserve	Capital reserve	Accumulated losses			Sub-total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance at January 1, 2022		1,493	17,126,369	—	1,027,735	(239,210,418)	37,835,327	(217,590,444)	(400,809,938)	(84,975)	(400,894,913)
Changes in equity for the year:											
Loss for the year		—	—	—	—	—	—	(190,453,333)	(190,453,333)	(54)	(190,453,387)
Other comprehensive income		—	—	—	(4,842,932)	—	—	(4,842,932)	(4,842,932)	—	(4,842,932)
Total comprehensive income		—	—	—	(4,842,932)	—	—	(190,453,333)	(195,296,265)	(54)	(195,296,319)
Equity-settled share-based transactions	29	—	—	—	—	—	31,580,383	—	31,580,383	—	31,580,383
Vesting of equity-settled share-based transactions	28(b),29	785	116,079	—	—	—	—	—	116,864	—	116,864
Capital contribution		1,494	116,093,106	—	—	—	—	—	116,094,600	—	116,094,600
Shares issued on Reverse Recapitalization	30	1,452	113,144,754	—	—	—	—	—	113,146,206	—	113,146,206
Issuance of bonus shares	28(b)	1,543	(1,543)	—	—	—	—	—	—	—	—
Shares issued upon conversion of exchange loan notes	28(b)	79	(79)	—	—	—	—	—	—	—	—
Reclassification from preference shares liabilities	25	5,116	550,243,765	—	—	—	—	—	550,248,881	—	550,248,881
Modification of agreement with PIPE investors	30	—	—	—	—	(17,400,000)	—	—	(17,400,000)	—	(17,400,000)
Settlement of agreement with PIPE investors upon listing	30	—	—	—	—	17,400,000	—	—	17,400,000	—	17,400,000
Issuance of shares for acquisition	28(b),33	1,736	34,720,780	—	—	5,061,304	—	—	39,783,820	—	39,783,820
Issuance of liabilities for puttable financial instrument for acquisition	27	—	—	—	—	(17,138,905)	—	—	(17,138,905)	—	(17,138,905)
Repurchase of shares	28(c)	—	—	(661,519)	—	—	—	—	(661,519)	—	(661,519)
Acquisition of non-controlling interests	33(D)	—	—	—	—	—	—	—	—	6,483,762	6,483,762
Balance at December 31, 2022		<u>13,698</u>	<u>831,443,231</u>	<u>(661,519)</u>	<u>(3,815,197)</u>	<u>(251,288,019)</u>	<u>69,415,710</u>	<u>(408,043,777)</u>	<u>237,064,127</u>	<u>6,398,733</u>	<u>243,462,860</u>

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

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Consolidated statements of cash flows

(Expressed in United States dollars unless otherwise indicated)

	Note	2022 \$	2021 \$	2020 \$
Cash flows from operating activities				
Loss for the year		(190,453,387)	(174,016,842)	(1,963,885)
Adjustments for:				
Bank interest income	7	(472,189)	(3,980)	(8,043)
Dividend income	7	(9,862)	—	—
Depreciation	11	5,986,888	4,288,115	1,292,472
Amortization of intangible assets	12	1,556,091	3,058,527	1,133,564
Other finance costs	8(a)	4,198,184	5,238,030	59,567
Fair value loss on convertible securities	24	—	29,054,669	2,846,750
Fair value loss on preference shares liabilities	25	60,091,353	125,398,798	—
Fair value loss on financial assets at fair value through profit or loss	18	9,363,495	94,000	—
Fair value gain on warrant liabilities	26	(3,196,538)	—	—
Restructuring costs in relation to diagnostic business	8(c)	30,378,741	—	—
Net foreign exchange losses/(gains)		223,927	(285,025)	280,360
Write-off on amount due from a shareholder		—	106,179	—
Gain on bargain purchase		—	(117,238)	—
Loss on disposal of a subsidiary		—	292,132	—
Impairment loss on interest in a joint venture		—	—	570,704
Impairment loss on amount due from a joint venture		—	176,227	—
Loss/(gain) on disposal of property, plant and equipment		72,976	(39)	1,646
Write-off on property, plant and equipment	8(d)	268,226	476,431	—
Write-off on inventories	16	2,055,859	—	—
Share of loss of a joint venture		—	—	1,133,321
Share-based payment on listing	30	89,546,601	—	—
Equity-settled share-based payment expenses	29(b),(c),(d)	31,580,383	22,494,918	1,617,469
Income tax expense/(credit)	9(a)	7,147,104	3,732,744	(1,937,558)
		48,337,852	19,987,646	5,026,367
Changes in:				
Increase in deferred expenses		(10,885,089)	—	—
Decrease/(increase) in inventories		1,256,133	(2,331,649)	(3,745,228)
Decrease/(increase) in trade receivables		6,966,189	(24,050,811)	(20,090,387)
Increase in deposits, prepayments and other receivables		(1,213,944)	(6,126,194)	(1,093,451)
Decrease in amount due from a joint venture		—	—	18,862
Decrease/(increase) in amounts due from related companies		9,060	(9,060)	—
Decrease/(increase) in other non-current assets		430,534	(499,966)	(32,577)
(Decrease)/increase in trade payables		(2,627,637)	(3,457,215)	9,707,910
(Decrease)/increase in accrued expenses and other current liabilities		(24,390,581)	27,350,803	5,962,060
(Decrease)/increase in contract liabilities		(4,034,911)	2,532,659	1,485,582
Increase in other non-current liabilities		726,494	—	—
Cash generated from/(used in) operating activities		14,574,100	13,396,213	(2,760,862)
Income taxes (paid)/refund		(59,504)	20,284	(118,849)
Net cash from/(used in) operating activities		14,514,596	13,416,497	(2,879,711)

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Consolidated statements of cash flows (continued)

(Expressed in United States dollars unless otherwise indicated)

	Note	2022 \$	2021 \$	2020 \$
Cash flows from investing activities				
Payment for purchase of property, plant and equipment		(4,948,151)	(8,546,945)	(2,862,902)
Proceeds from disposal of property, plant and equipment		49,938	713,523	10,890
Payment for purchase of intangible assets		(1,394,553)	(2,865,315)	(197,159)
Payment for purchase of short-term deposits		(19,920,160)	—	—
Payment for purchase of financial assets at fair value through profit or loss	18	(20,000,000)	(10,000,000)	—
Proceeds from redemption of financial assets at fair value through profit or loss	18	3,004,897	—	—
Payment for acquisition, net of cash acquired	33(A)	(3,418,715)	—	(2,929,533)
Increase in amount due from a shareholder		—	—	(4,182)
Settlement of deferred consideration		—	(1,326,823)	—
Dividend received	7	9,862	—	—
Interest received	7	472,189	3,980	8,043
Net cash used in investing activities		(46,144,693)	(22,021,580)	(5,974,843)
Cash flows from financing activities				
Capital element of lease rentals paid	11(b),23(b)	(1,877,896)	(1,299,031)	(610,926)
Interest element of lease rentals paid	11(b),23(b)	(244,085)	(205,915)	(49,400)
Proceeds from new trade financing	23(b)	21,677,075	—	—
Interest paid	23(b)	(172,978)	(33)	(654)
Repayment of trade financing	23(b)	(21,677,075)	—	—
Proceeds from issuance of shares		116,864	—	—
Proceeds from issuance of preference shares	25	—	25,970,000	—
Proceeds from Reverse Recapitalization	30	146,158,422	—	—
Proceeds from issuance of convertible securities	23(b),24	—	4,980,718	12,499,363
Payment for purchase of treasury shares		(661,519)	—	—
(Decrease)/increase in amounts due to shareholders	23(b)	—	(128,797)	4,477
Net cash from financing activities		143,318,808	29,316,942	11,842,860
Net increase in cash and cash equivalents		111,688,711	20,711,859	2,988,306
Cash and cash equivalents at the beginning of the year		35,288,952	14,489,880	11,521,505
Effect of foreign exchange rate changes		(317,468)	87,213	(19,931)
Cash and cash equivalents at the end of the year		146,660,195	35,288,952	14,489,880

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

Notes to the consolidated financial statements

(Expressed in United States dollars unless otherwise indicated)

1 Reporting entity

Prenetics Global Limited (the “Company”) was incorporated in Cayman Islands on July 21, 2021 to facilitate the public listing and additional capitalization (referred to collectively as the “Reverse Recapitalization”) of Prenetics Holding Company Limited, (“PHCL”), formerly known as Prenetics Group Limited (with the name changed on May 17, 2022), and its subsidiaries (the “PHCL Group”).

The Company and its subsidiaries (collectively, the “Group”) focus on providing healthcare solutions through three pillars — prevention, diagnostics and personalized care.

The Group’s preventive health testing services are genetic testing (under the brand named Circle DNA) for general health purposes. Circle DNA utilizes a whole exome sequencing technology that conducts a full scan on individuals’ protein-coding genes, analyzing genetic variations across different categories and providing personalized reports with a saliva sample. The Group is also in the process of conducting clinical studies for a stool-DNA screening test for detecting colorectal cancer and advanced adenoma under the brand named ColoClear, a pipeline product. ColoClear uses advanced stool DNA technology to detect abnormal DNA markers and blood cells in human stool that precancerous polyps and colon cancer can cause. It is developed as a convenient and less invasive alternative to colonoscopy.

Since April 2020, the Group has been providing polymerase chain reaction (“PCR”) diagnostic testing services for COVID-19 to individuals, corporates for their employees or customers and governments for community testing. From November 2021, the Group officially launched Circle HealthPod, which is a rapid detection health monitoring device that offers COVID-19 testing solutions for professional use and home use initially in Hong Kong. Prenetics Limited (“Prenetics HK”) operates and owns its own accredited laboratories in Hong Kong. The Group also engages in research and development activities to advance its preventive, diagnostic and personalized healthcare solutions.

The Reverse Recapitalization (see note 30) was effectuated by:

- a special purpose acquisition company (“SPAC”) Artisan Acquisition Corp. (“Artisan”), incorporated in the Cayman Islands and listed on the Nasdaq Stock Market (“NASDAQ”), merging on May 17, 2022 with AAC Merger Limited, incorporated in the Cayman Islands and a directly wholly-owned subsidiary of the Company; with AAC Merger Limited surviving and remaining as a wholly-owned subsidiary of the Company (“Initial Merger”);
- PGL Merger Limited, incorporated in the Cayman Islands and a directly wholly-owned subsidiary of the Company, merging with PHCL on May 18, 2022; with PHCL surviving and becoming a wholly-owned subsidiary of the Company (“Acquisition Merger”);
- additional capitalization by way of issuing the Company’s shares to certain third-party investors (“PIPE Investors”) on May 18, 2022, pursuant to investment commitments in subscribing and purchasing for the Class A Ordinary Shares of the Company, concurrently with the execution of the Acquisition Merger; and
- the Company becoming a publicly traded company on NASDAQ on May 18, 2022.

1 Reporting entity (continued)

The Reverse Recapitalization has been accounted for with reference to the principles of reverse acquisitions in IFRS 3, *Business combinations*, with PHCL being the accounting acquirer and Artisan the accounting acquiree. Accordingly, these consolidated financial statements have been presented as a continuation of the consolidated financial information of the PHCL Group, except for the capital structure (see note 30).

On December 30, 2022, the Group acquired 74.39% of the issued share capital of ACT Genomics Holdings Company Limited (“ACT Genomics”), and obtained control of ACT Genomics (the “ACT Acquisition”). ACT Genomics is an innovation-driven cancer solution provider, which specializing in precision oncology, and qualifies as a business as defined in IFRS 3, *Business Combinations*.

The ACT Acquisition is expected to allow the Group to accelerate the utilization of genetic information throughout a cancer patient’s journey and to deliver the information needed to enable best-in-class personalized cancer care (see note 33).

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). They were authorized for issue by the Company’s board of directors on May 1, 2023.

Details of the Group’s accounting policies are included in note 36.

3 Functional and presentation currency

These consolidated financial statements are presented in United States dollars (“USD”), which is the Company’s functional currency.

4 Use of estimates

In preparing these consolidated financial statements, management has made estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

Notes 12 and 13: impairment test of cash generating units containing goodwill and intangible assets: key assumptions underlying recoverable amounts, including the recoverability of development costs; and

Note 33: acquisition of ACT Genomics Holdings Company Limited and its subsidiaries ("ACT Group"): fair value of the assets acquired and liabilities assumed.

4 Use of estimates (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group assigned its finance team to oversee all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the IFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

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

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 29: equity-settled share-based transactions;
- Note 31(B): financial instruments; and
- Notes 13 and 33: acquisition of ACT Group.

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5 Segment information

A. Basis for segmentation

The Group manages its businesses by divisions, which are organized by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following two reportable segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

The Group's operating and reportable segments are as follows:

1. Prevention being the design and sale of genetics testing (including update services) and stool-based DNA tests for early colorectal cancer screening.
2. Diagnostic being the sale of COVID-19 testing services and products, and precision oncology services.

B. Information about reportable segment

Information related to each reportable segment is set out below. Performance is measured based on gross profit, as included in the internal management reports that are reviewed by the CODM. The CODM does not evaluate operating segments using asset information.

	<i>Prevention</i> \$	<i>Diagnostics</i> \$	<i>Unallocated</i> \$	<i>Total</i> \$
2022				
Revenue	15,774,457	259,986,841	—	275,761,298
Gross profit	6,538,453	127,180,380	(2,163,947)	131,554,886
2021				
Revenue	16,571,535	259,281,218	—	275,852,753
Gross profit	7,546,593	100,125,889	(1,541,271)	106,131,211
2020				
Revenue	14,264,972	50,914,543	—	65,179,515
Gross profit	6,332,833	20,983,200	(971,214)	26,344,819

The following table presents a summary of revenue by region based on the location of domiciliation and the amounts of non-current assets based on the location of the asset. The Group geographically categorizes a sale based on the region in which the entity is domiciled in.

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5 Segment information (continued)

C. Geographic information

(i) Revenue

Revenue by regions were as follows:

	2022 \$	2021 \$	2020 \$
Hong Kong	210,934,144	124,926,420	35,411,518
United Kingdom	64,827,154	150,926,333	29,767,997
Total revenue	<u>275,761,298</u>	<u>275,852,753</u>	<u>65,179,515</u>

(ii) Non-current assets

Non-current assets (excluding interests in associates and deferred tax assets) by regions were as follows:

	2022 \$	2021 \$	2020 \$
Hong Kong	67,151,416	10,993,322	3,419,570
United Kingdom	1,816,121	30,334,739	29,510,377
Rest of the world	321,456	207,026	45,460
Total non-current assets	<u>69,288,993</u>	<u>41,535,087</u>	<u>32,975,407</u>

D. Major customers

For the years ended December 31, 2022 and 2021, the Group's customer base includes the same two customers with whom transactions individually have exceeded 10% of the Group's revenue for the respective periods. The revenue from these two customers accounted for approximately 28% and 27% of the Group's revenue for year ended December 31, 2022 and approximately 14% and 11% of the Group's revenue for year ended December 31, 2021.

For the year ended December 31, 2020, the Group's customer base includes two customers with whom transactions individually have exceeded 10% of the Group's revenue. The revenue from these two customers accounted for approximately 20% and 20% of the Group's revenue, respectively.

6 Revenue

See accounting policy in note 36(C).

The principal activities of the Group are provision of preventive and diagnostic health testing and services.

Revenue related to services are recognized at a point of time when control over a service is transferred to the customer.

Revenue represents the sales value of services rendered for customers in accordance with IFRS 15, *Revenue from contracts with customers*.

Revenue expected to be recognized in the future arising from contracts with customers in existence at the report date

At December 31, 2022, 2021 and 2020, the amount of service fee income allocated to the remaining performance obligations under the Group's existing contracts that are non-refundable is \$5,674,290, \$9,587,245 and \$7,054,586, respectively. The Group will recognize the expected revenue in the future when the performance obligations are fulfilled, which may be after one year from the end of the reporting period. Such amount does not include any variable consideration.

7 Other income and other net gains/(losses)

	2022 \$	2021 \$	2020 \$
Government subsidies (note)	534,678	7,932	513,860
Bank interest income	472,189	3,980	8,043
Dividend income	9,862	—	—
Net foreign exchange (losses)/gains	(688,725)	285,025	(280,360)
Impairment loss on interest in a joint venture	—	—	(570,704)
Impairment loss on amount due from a joint venture	—	(176,227)	—
Sundry income	76,639	18,238	13,757
	<u>404,643</u>	<u>138,948</u>	<u>(315,404)</u>

Note: The Group has recognized various subsidies granted by the governments in different jurisdictions, including:

- (i) funding support of \$234,470 and \$470,165 from the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund set up by The Government of Hong Kong Special Administrative Region during the years ended December 31, 2022 and 2020, respectively. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees;
- (ii) funding support of \$7,932 and \$43,695 from the Jobs Support Scheme (“JSS”) as one of the 2019 novel coronavirus (“COVID-19”) resilience package granted by the Singapore government during the years ended December 31, 2021 and 2020 respectively. The purpose of the funding was to provide wage support to employers in retaining their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. Under the terms of the grant, the Singapore government co-funded a proportion of the gross monthly wages paid to each local employee. All active employers, except for government organizations (local and foreign) and representative offices, were eligible for the JSS; and
- (iii) funding support of \$300,208 from the Job Creation Scheme from the Hong Kong Institute of Human Resource Management (the “HKIHRM”) under the Anti-epidemic Fund set up by The Government of Hong Kong Special Administrative Region during the year ended December 31, 2022. Under the Job Creation Scheme, employers who are HKIHRM members which created job positions are eligible to apply for salary government grants.

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8 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Other finance costs

See accounting policies in notes 36(E) and (J).

	2022 \$	2021 \$	2020 \$
Interest expenses on lease liabilities (notes 11(a) and 23(b))	244,085	205,915	49,400
Interest expenses on trade financing (note 23(b))	172,978	—	—
Imputed interest on deferred consideration	—	22,235	9,513
Changes in the carrying amount of preference shares liabilities (note 25)	3,752,758	5,009,847	—
Other interest expenses	28,363	33	654
	<u>4,198,184</u>	<u>5,238,030</u>	<u>59,567</u>

(b) Staff costs

	2022 \$	2021 \$	2020 \$
Salaries, wages and other benefits	109,644,199	76,622,503	16,019,896
Contributions to defined contribution retirement plan	861,863	562,427	219,440
Equity-settled share-based payment expenses	31,339,185	22,141,614	1,229,312
	<u>141,845,247</u>	<u>99,326,544</u>	<u>17,468,648</u>
Represented by:			
Direct costs	63,647,052	48,414,622	5,377,536
Selling and distribution expenses	1,782,149	1,299,320	675,418
Research and development expenses	13,404,496	6,943,308	2,056,653
Administrative and other operating expenses	63,011,550	42,669,294	9,359,041
Total staff costs	<u>141,845,247</u>	<u>99,326,544</u>	<u>17,468,648</u>

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8 Loss before taxation (continued)

(c) Restructuring costs in relation to diagnostic business

	2022 \$	2021 \$	2020 \$
Restructuring costs in relation to diagnostic business			
- impairment of intangible assets (note 12)	19,109,580	—	—
- impairment of goodwill (note 13)	3,272,253	—	—
- impairment losses on property, plant and equipment (note 11)	4,447,610	—	—
- write-off of prepayment	3,549,298	—	—
	<u>30,378,741</u>	<u>—</u>	<u>—</u>

During the year ended December 31, 2022, the Group has undertaken a restructuring of the diagnostic business. As a result, an impairment assessment of the CGU Prevention EMEA and CGU Diagnostics EMEA has been performed which the recoverable amounts of the CGUs were less than the carrying amounts of the CGUs. Impairment/write-off on certain assets included in the respective CGUs, namely intangible assets, goodwill, property, plant and equipment and prepayment has been recognized in the profit or loss. In addition, the Group recorded a write-off of prepayment in relation to the diagnostics business.

(d) Other items

	2022 \$	2021 \$	2020 \$
Cost of inventories (note 16)	57,442,036	52,701,330	10,412,753
Depreciation of (note 11)			
- property, plant and equipment [#]	3,899,721	2,745,549	708,637
- right-of-use assets [#]	2,087,167	1,542,566	583,835
Amortization of intangible assets [#] (note 12)	1,556,091	3,058,527	1,133,564
Write-off on property, plant and equipment	268,226	476,431	—
Auditor's remuneration	1,439,617	1,221,439	566,553
Miscellaneous laboratory charges	268	13,953	12,892
[#] Represented by:			
Direct costs	1,892,036	1,182,134	462,809
Research and development expenses	340,690	145,876	63,162
Administrative and other operating expenses	5,310,253	6,018,632	1,900,065
Total depreciation and amortization charges	<u>7,542,979</u>	<u>7,346,642</u>	<u>2,426,036</u>

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9 Income tax expense/(credit)

See accounting policy in note 36(F).

(a) Taxation in the consolidated statements of profit or loss represents:

	2022 \$	2021 \$	2020 \$
Current tax - Hong Kong Profits Tax			
Provision for the year	7,338,274	1,164,222	—
Current tax - Overseas			
Provision for the year	88,463	38,475	19,671
Deferred tax			
Origination and reversal of temporary differences	(279,633)	2,530,047	(1,957,229)
Tax expense/(credit)	<u>7,147,104</u>	<u>3,732,744</u>	<u>(1,937,558)</u>

Notes:

- (i) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% for years ended December 31, 2022 and 2021, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. No provision has been made for Hong Kong Profits Tax for the year ended December 31, 2020 as the subsidiary in Hong Kong had unutilized tax loss to set-off against taxable income.
- (ii) Pursuant to the income tax rules and regulations of the United Kingdom, the applicable corporate tax is calculated at 19% of the estimated taxable profits. No provision had been made as these subsidiaries had unutilized tax loss to set-off against taxable income or had sustained losses for taxation purposes for the year ended December 31, 2022, 2021 and 2020.
- The Finance Act 2021 was enacted on June 10, 2021 and included an increase in the corporate tax rate to 25% which will be effective from April 1, 2023. As a result, the deferred tax assets and liabilities as at December 31, 2021 and 2022 that are expected to be crystalized after April 1, 2023 are calculated using the rate of 25%.
- (iii) Taxation for other overseas subsidiaries and branch is charged at the appropriate current rates of taxation ruling in the relevant countries.

[Table of Contents](#)**9 Income tax expense/(credit) (continued)****(b) Reconciliation of effective tax rate:**

	2022 \$	2021 \$	2020 \$
Loss before taxation	<u>(183,306,283)</u>	<u>(170,284,098)</u>	<u>(3,901,443)</u>
Notional tax on loss before taxation, calculated at the applicable rate	(18,117,948)	(6,622,976)	(697,772)
Tax effect of non-deductible expenses	25,595,035	11,587,117	1,111,877
Tax effect of non-taxable income	(168,565)	(1,008,915)	(76,874)
Tax effect of temporary difference not recognized	—	—	73,833
Tax effect on utilization of previously unrecognized tax losses	—	(579,657)	(692,350)
Tax effect of tax losses not recognized	101,854	—	298,651
Tax effect of previously unrecognized temporary differences recognized in current year	(263,272)	360,922	(1,957,229)
Others	—	(3,747)	2,306
	<u>7,147,104</u>	<u>3,732,744</u>	<u>(1,937,558)</u>

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9 Income tax expenses/(credit) (continued)

(c) Movement in deferred tax balances:

The components of deferred tax (assets)/liabilities recognized in the consolidated statement of financial position and the movements during the years ended December 31, 2020, 2021 and 2022 are as follows:

	<i>Depreciation allowances in excess of the related depreciation</i> \$	<i>Tax losses recognized</i> \$	<i>Intangible assets arising from business combination</i> \$	<i>Total</i> \$
Deferred tax arising from:				
At January 1, 2020	36,504	(1,169,865)	1,133,361	—
Charged/(credited) to profit or loss	315,514	(2,138,179)	(134,564)	(1,957,229)
Exchange differences	12,727	(39,709)	33,057	6,075
At December 31, 2020 and January 1, 2021	<u>364,745</u>	<u>(3,347,753)</u>	<u>1,031,854</u>	<u>(1,951,154)</u>
Charged to profit or loss	906,775	1,528,881	94,391	2,530,047
Exchange differences	(3,839)	9,710	(4,968)	903
At December 31, 2021 and January 1, 2022	<u>1,267,681</u>	<u>(1,809,162)</u>	<u>1,121,277</u>	<u>579,796</u>
(Credited)/charged to profit or loss	(957,459)	1,799,103	(1,121,277)	(279,633)
Additions from acquisition (note 33(C))	63,666	(235,879)	2,850,000	2,677,787
Exchange differences	(38,448)	2,489	—	(35,959)
At December 31, 2022	<u><u>335,440</u></u>	<u><u>(243,449)</u></u>	<u><u>2,850,000</u></u>	<u><u>2,941,991</u></u>
			<u>2022</u>	<u>2021</u>
			\$	\$
Represented by:				
Deferred tax assets			(243,449)	(79,702)
Deferred tax liabilities			3,185,440	659,498
			<u>2,941,991</u>	<u>579,796</u>

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9 Income tax expenses/(credit) (continued)

(d) Unrecognized deferred tax assets

The Group has not recognized deferred tax assets in respect of cumulative tax losses of \$62,586,553 (2021: nil; 2020: \$3,050,828) as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdictions and entities.

The expiry dates of the cumulative tax losses are as follows:

	2022 \$	2021 \$
Within 1 year	893,511	—
Over 1 year but within 5 years	14,362,136	—
Over 5 years but within 10 years	25,085,050	—
Do not expire under the relevant tax legislations	22,245,856	—
	<u>62,586,553</u>	<u>—</u>

10 Loss per share

The calculation of the basic and diluted loss per share have been based on the following loss attributable to equity shareholders and weighted-average number of ordinary shares outstanding.

	2022 \$	2021 \$	2020 \$
<u>Loss</u>			
Loss attributable to equity shareholders of the Company	<u>(190,453,333)</u>	<u>(174,009,273)</u>	<u>(1,939,689)</u>
<u>Number of shares</u>			
Weighted-average number of ordinary shares	<u>76,039,727</u>	<u>14,596,997</u>	<u>13,176,752</u>

According to the Preferred Shares Subscription Agreement and the Convertible Note Subscription Agreement, all of the Prenetics HK's preference shares and convertible securities will be converted into ordinary shares of PHCL upon the occurrence of an amalgamation of the Group with another company.

At December 31, 2022, 25,114,282 shares underlying restricted share units, 22,384,586 shares underlying warrants and 789,280 shares underlying exchangeable notes were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At December 31, 2021, 12,400,419 restricted share units and 776,432 exchangeable notes were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At December 31, 2020, 10,272,389 share options and 20,025,247 preference shares, 2,729,893 convertible securities and 1,164,648 exchangeable notes were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

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11 Property, plant and equipment

See accounting policies in notes 36(H), (L)(ii) and (M).

	<i>Right-of-use assets (note (a)) \$</i>	<i>Leasehold improvements \$</i>	<i>Fixtures and furniture \$</i>	<i>Office and lab equipment \$</i>	<i>Computer equipment \$</i>	<i>Motor vehicles \$</i>	<i>Manufacturing equipment \$</i>	<i>Total \$</i>
Cost:								
At January 1, 2021	3,401,069	1,205,969	98,033	4,026,763	587,652	183,627	—	9,503,113
Additions	5,370,122	2,702,786	23,885	3,834,862	406,613	316,462	1,262,337	13,917,067
Additions from acquisition	—	—	26,511	8,912	34,769	—	—	70,192
Disposals	(137,959)	—	—	(702,458)	(56,005)	(40,411)	—	(936,833)
Written off	—	—	(102,101)	(1,570,248)	(524,370)	(2,679)	(99,656)	(2,299,054)
Exchange differences	199,969	(10,333)	(6,354)	(15,493)	(9,116)	(3,817)	—	154,856
At December 31, 2021 and January 1, 2022	8,833,201	3,898,422	39,974	5,582,338	439,543	453,182	1,162,681	20,409,341
Additions	833,538	598,672	569	4,160,369	188,541	—	—	5,781,689
Additions from acquisition (note 33(C))	4,623,601	3,102,189	—	6,898,517	—	8,261	—	14,632,568
Disposals	—	(30,492)	—	(357,127)	(65,993)	(55,847)	—	(509,459)
Written off	(40,080)	—	—	(438,530)	(6,320)	—	(1,158,041)	(1,642,971)
Exchange differences	(180,180)	(92,424)	(3,669)	(158,913)	(37,044)	(40,483)	(4,640)	(517,353)
At December 31, 2022	14,070,080	7,476,367	36,874	15,686,654	518,727	365,113	—	38,153,815
Accumulated depreciation and impairment loss:								
At January 1, 2021	1,857,471	769,573	70,865	1,737,854	364,695	9,337	—	4,809,795
Charge for the year	1,542,566	693,032	25,697	1,544,258	182,186	123,192	177,184	4,288,115
Written back on disposal	(137,959)	—	—	(39,020)	(39,635)	(6,735)	—	(223,349)
Written off	—	—	(84,050)	(1,196,444)	(360,256)	(850)	(7,944)	(1,649,544)
Exchange differences	256,698	(3,448)	5,414	(115,726)	5,494	(1,300)	—	147,132
At December 31, 2021 and January 1, 2022	3,518,776	1,459,157	17,926	1,930,922	152,484	123,644	169,240	7,372,149
Charge for the year	2,087,167	1,088,119	10,582	2,287,110	127,052	136,524	250,334	5,986,888
Additions from acquisition (note 33(C))	2,720,997	2,199,166	—	4,058,977	—	4,246	—	8,983,386
Written back on disposal	—	(24,776)	—	(285,044)	(41,151)	(35,574)	—	(386,545)
Written off	(34,068)	—	—	(176,672)	(5,964)	—	(1,158,041)	(1,374,745)
Impairment loss (note 8(c))	—	297,061	—	3,308,559	102,776	—	739,214	4,447,610
Exchange differences	26,090	(21,879)	(6,128)	51,607	(13,907)	(12,510)	(747)	22,526
At December 31, 2022	8,318,962	4,996,848	22,380	11,175,459	321,290	216,330	—	25,051,269
Carrying amounts:								
At December 31, 2022	5,751,118	2,479,519	14,494	4,511,195	197,437	148,783	—	13,102,546
At December 31, 2021	5,314,425	2,439,265	22,048	3,651,416	287,059	329,538	993,441	13,037,192

11 Property, plant and equipment (continued)**(a) Right-of-use assets**

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	Note	2022 \$	2021 \$
Properties leased for own use, carried at depreciated cost	(i)	5,739,426	5,261,372
Office equipment, carried at depreciated cost	(ii)	11,692	53,053
		<u>5,751,118</u>	<u>5,314,425</u>

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2022 \$	2021 \$	2020 \$
Depreciation charge of right-of-use assets by class of underlying asset:			
- Properties leased for own use	2,039,815	1,535,333	575,787
- Office equipment	<u>47,352</u>	<u>7,233</u>	<u>8,048</u>
	<u>2,087,167</u>	<u>1,542,566</u>	<u>583,835</u>
Interest on lease liabilities (note 8(a))	244,085	205,915	49,400
Expense relating to short-term leases or leases of low-value assets	<u>831,631</u>	<u>1,019,937</u>	<u>429,691</u>

During the years ended December 31, 2022, 2021 and 2020, additions to right-of-use assets of \$833,538, \$5,370,122 and \$949,810, respectively, are mainly resulted from the capitalized lease payment payable under new tenancy agreements.

Details of the maturity analysis of lease liabilities are set out in note 22.

11 Property, plant and equipment (continued)**(i) Properties leased for own use**

The Group has obtained the right to use some properties as its warehouses and offices through tenancy agreements. The leases typically run for an initial period of 2 to 10 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to future lease payments in relation to such leases are assessed as insignificant.

(ii) Office equipment

The Group leases office equipment under a lease expiring in 5 years. The lease does not include an option to renew the lease or purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. The lease does not include variable lease payments.

(b) Amounts recognized in consolidated statement of cash flows

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2022 \$	2021 \$	2020 \$
Within operating cash flows	(831,631)	(1,019,937)	(429,691)
Within financing cash flows	(2,121,981)	(1,504,946)	(660,326)
	<u>(2,953,612)</u>	<u>(2,524,883)</u>	<u>(1,090,017)</u>

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12 Intangible assets

See accounting policies in notes 36(I) and (L)(ii).

	Website and mobile apps \$	Trademark and technology \$	Product development cost \$	Computer software \$	Customer relationship \$	Total \$
Cost:						
At January 1, 2021	1,135,941	26,092,571	137,427	—	—	27,365,939
Additions	221,594	124,267	2,519,454	—	—	2,865,315
Exchange differences	(6,482)	(97,532)	—	—	—	(104,014)
At December 31, 2021 and January 1, 2022	<u>1,351,053</u>	<u>26,119,306</u>	<u>2,656,881</u>	<u>—</u>	<u>—</u>	<u>30,127,240</u>
Additions	42,968	19,141	484,966	847,478	—	1,394,553
Additions from acquisition (note 33(C))	—	12,900,000	—	811,897	800,000	14,511,897
Disposals	(165,048)	—	(3,131,244)	—	—	(3,296,292)
Exchange differences	(16,656)	(4,950,867)	(10,603)	5,818	—	(4,972,308)
At December 31, 2022	<u>1,212,317</u>	<u>34,087,580</u>	<u>—</u>	<u>1,665,193</u>	<u>800,000</u>	<u>37,765,090</u>
Accumulated amortization and impairment loss:						
At January 1, 2021	1,044,221	2,222,401	3,817	—	—	3,270,439
Charge for the year	65,365	2,503,477	489,685	—	—	3,058,527
Exchange differences	(94)	(27,914)	—	—	—	(28,008)
At December 31, 2021 and January 1, 2022	<u>1,109,492</u>	<u>4,697,964</u>	<u>493,502</u>	<u>—</u>	<u>—</u>	<u>6,300,958</u>
Charge for the year	126,238	757,212	672,641	—	—	1,556,091
Written back on disposal	(83,549)	—	(3,131,244)	—	—	(3,214,793)
Additions from acquisition (note 33(C))	—	—	—	685,508	—	685,508
Impairment loss (note 8(c))	—	17,147,067	1,962,513	—	—	19,109,580
Exchange differences	(496)	(1,460,221)	2,588	—	—	(1,458,129)
At December 31, 2022	<u>1,151,685</u>	<u>21,142,022</u>	<u>—</u>	<u>685,508</u>	<u>—</u>	<u>22,979,215</u>
Carrying amounts:						
At December 31, 2022	<u>60,632</u>	<u>12,945,558</u>	<u>—</u>	<u>979,685</u>	<u>800,000</u>	<u>14,785,875</u>
At December 31, 2021	<u>241,561</u>	<u>21,421,342</u>	<u>2,163,379</u>	<u>—</u>	<u>—</u>	<u>23,826,282</u>

13 Goodwill

See accounting policies in notes 36(I) and (L)(ii).

	\$
At January 1, 2021	3,993,007
Exchange differences	<u>(14,942)</u>
At December 31, 2021 and January 1, 2022	3,978,065
Additions from acquisition (note 33(D))	33,800,276
Impairment loss (note 8(c))	(3,272,253)
Exchange differences	<u>(705,812)</u>
At December 31, 2022	<u><u>33,800,276</u></u>

Impairment tests for cash-generating units (“CGU”) containing goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Prevention and Diagnostics services of Prenetics EMEA

The goodwill balance arose from the acquisition of Prenetics EMEA in 2018 representing the excess of the purchase consideration over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Cancer genetic testing services within the Diagnostics segment

The goodwill associated with cancer genetic testing services within the Diagnostics segment arose when that business was acquired by the Group at December 30, 2022. It comprises of a group of CGUs responsible for the related operations based in Hong Kong, Taiwan and Thailand.

Sales of medical diagnostics products within the Diagnostics segment

The goodwill associated with sales of medical diagnostics products within the Diagnostics segment arose when that business was acquired by the Group at December 30, 2022. It represents a CGU responsible for the related operations based in the United Kingdom.

13 Goodwill (continued)

Below is the summary of Prenetics EMEA and ACT Genomics goodwill balance allocated to the Group's CGUs:

	2022 \$	2021 \$
Prevention EMEA within the Prevention segment	—	855,284
Diagnostics EMEA within the Diagnostics segment	—	3,122,781
Cancer genetic testing services within the Diagnostics segment	30,639,976	—
Sales of medical diagnostics products within the Diagnostics segment	3,160,300	—
	<u>33,800,276</u>	<u>3,978,065</u>

CGUs of cancer genetic testing services and sales of medical diagnostics products

The recoverable amounts of the CGU of cancer genetic testing services and the CGU of sales of medical diagnostics products were determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a six-year period. Cash flows beyond the six-year period are extrapolated using the estimated average growth rates stated below. The key assumptions used in the estimation of the recoverable amounts of the two CGUs are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and are based on historical data from external and internal sources.

	2022
CGU of cancer genetic testing services	
Pre-tax discount rate	17.7%
Terminal value growth rate	3.0%
Average revenue growth rate	31.1%
CGU of sales of medical diagnostics products	
Pre-tax discount rate	15.9%
Terminal value growth rate	3.0%
Average revenue growth rate	18.3%

Pre-tax discount rate represents the current market assessment of the risks specific to the relevant CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The pre-tax discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC is calculated based on the weighted value of the cost of equity which is derived from the expected return on investment by the Group's investors, and the cost of debt which is derived from the market lending rate for peer companies.

At December 31, 2022, the recoverable amounts of the CGU of cancer genetic testing services and the CGU of sales of medical diagnostics products based on the estimated value-in-use calculations were higher than the carrying amounts of the respective CGUs. Accordingly, no provision for impairment loss for goodwill is considered necessary.

Any reasonably possible changes in the key assumptions used in the value-in-use assessment model would not affect management's view on impairment at December 31, 2022.

13 Goodwill (continued)***CGUs Prevention EMEA and Diagnostics EMEA***

The recoverable amounts of the CGU Prevention EMEA and CGU Diagnostics EMEA were determined based on value-in-use calculations. As December 31, 2021, these calculations use cash flow projections based on financial budgets approved by management covering a ten-year period. Cash flows beyond the ten-year period are extrapolated using the estimated average growth rates stated below.

In September 2022, the Group has implemented a restructuring plan in its UK business so as to streamline the resources on new business opportunity and to allow capacity to pursue other more sustainable business opportunities in the UK. The management considered this triggered indicators of impairment in the CGU Prevention EMEA and CGU Diagnostics EMEA and has performed the impairment assessment. The calculation of recoverable amounts of the CGU Prevention EMEA use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated average growth rates stated below. The calculation of recoverable amounts of the CGU Diagnostics EMEA use cash flow projections based on financial budgets approved by management covering the expected remaining period of the business.

The key assumptions used in the estimation of the recoverable amounts of the two CGUs are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and are based on historical data from external and internal sources.

	2022	2021
CGU Prevention EMEA		
Pre-tax discount rate	16.8%	16.0%
Terminal value growth rate	3.2%	3.0%
Average revenue growth rate	25.1%	24.4%
CGU Diagnostics EMEA		
Pre-tax discount rate	16.8%	13.7%
Terminal value growth rate	N/A	3.0%
Average revenue growth rate	N/A	18.4%

Pre-tax discount rate represents the current market assessment of the risks specific to the relevant CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its WACC. The WACC is calculated based on the weighted value of the cost of equity which is derived from the expected return on investment by the Group's investors, and the cost of debt which is derived from the market lending rate for peer companies.

At December 31, 2021, the recoverable amounts of the CGU Prevention and the CGU Diagnostics based on the estimated value-in-use calculations were higher than the carrying amounts of the respective CGUs. Accordingly, no provision for impairment loss for goodwill was considered necessary.

On September 30, 2022, the CGU Prevention EMEA and CGU Diagnostics EMEA were determined to be impaired and the related full amount of goodwill of \$703,534 and \$2,568,719, were impaired, respectively. The impairment loss has been included in profit or loss under restructuring costs in relation to diagnostic business (see note 8(c)).

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14 Interests in associates

See accounting policies in notes 36(A)(iv)-(v) and (L)(i).

	2022 \$
Interests in associates (note 33(C))	<u>788,472</u>

On December 30, 2022, the Group acquired 74.39% of the issued share capital of ACT Genomics, obtaining control of ACT Genomics.

Particulars of associates of the Group are as follows:

Name of an associate	Place of incorporation/operation	Particular of issued and paid-up capital	Proportion of nominal value of issue capital held by the Company				Principal activity
			2022		2021		
			Directly %	Indirectly %	Directly %	Indirectly %	
アクトメッド株式会社 ("ACTmed Co., Ltd.")	Japan	1,347 ordinary shares	—	24.85	—	—	Precise cancer genetic testing services
CERBACT Asia Holdings Pte. Ltd. ("CERBACT")	Singapore	100 ordinary shares	—	26.04	—	—	Investment holdings

ACTmed Co., Ltd. is an unlisted corporate entity whose quoted market price is not available. The associate is accounted for using the equity method in the consolidated financial statements. At December 31, 2022, the carrying amount of the Group's interests in the associate is nil as the Group's share of loss has exceeded its investment in the associate. The Group will not resume recognition of its share of any future profits in the associate until its share of such profits equals the cumulative share of losses not recognized in past years.

CERBACT Asia Holdings Pte. Ltd. ("CERBACT") was incorporated on July 12, 2021 as a limited liability company in Singapore. CERBACT is not individually material to the Group.

Aggregate Information of associates that are not individually material:

	2022 \$
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	788,472
Aggregate amounts of the Group's share of those associates' loss and total comprehensive income	<u>—</u>

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15 Other non-current assets

See accounting policies in notes 36(J)(i)-(ii) and (L)(i).

	2022 \$	2021 \$
Deposits and prepayments	<u>1,292,462</u>	<u>693,548</u>

The balances are classified as non-current assets as they are either expected to be (i) recovered or recognized as expense after one year, or (ii) capitalized as property, plant and equipment after the end of the reporting period.

16 Inventories

See accounting policy in note 36(G).

	2022 \$	2021 \$
Consumables and reagent	3,662,303	4,404,959
Work in progress	137,106	—
Finished goods	<u>734,663</u>	<u>2,424,267</u>
	<u>4,534,072</u>	<u>6,829,226</u>

In 2022, 2021 and 2020, inventories of \$57,442,036, \$52,701,330 and \$10,412,753, respectively, were recognized as an expense during the year and included in 'direct costs'.

In addition, inventories have been reduced by \$2,055,859 as a result of the write-down to net realizable value. This write-down was recognized as an expense during 2022.

The write-downs are included in 'direct costs'.

All inventories are expected to be recovered within one year.

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17 Trade and other receivables and deferred expenses

See accounting policies in notes 36(J)(i)-(ii) and (L)(i).

	2022 \$	2021 \$
<i>Current</i>		
Trade receivables, net of loss allowance	41,691,913	47,041,538
Deposits, prepayments and other receivables		
- deposits	1,119,968	955,854
- prepayments	4,965,101	6,450,343
- other receivables	804,045	411,559
	<u>6,889,114</u>	<u>7,817,756</u>
Deferred expenses (note)	4,577,255	—
	<u>53,158,282</u>	<u>54,859,294</u>
<i>Non-current</i>		
Deferred expenses (note)	6,307,834	—
	<u>59,466,116</u>	<u>54,859,294</u>

Note: Deferred expenses represent the advanced bonus payment to a director and certain employees for retention purpose. The balances are amortized over the period as stated in the employment agreements and recognized as an expense when the Group consumes the benefit arising from the services provided by the director and those employees in exchange for employee benefits. The amounts expected to be amortized within one year are recognized under current assets.

All trade receivables, deposits, prepayments and other receivables are expected to be recovered or recognized as expense within one year. Trade receivables are due within 30 to 60 days from the date of billing.

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 31(C).

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18 Financial assets at fair value through profit or loss

See accounting policy in note 36(J).

	2022 \$	2021 \$
Financial assets measured at fair value through profit or loss ("FVPL")		
- Unlisted securities	<u>17,537,608</u>	<u>9,906,000</u>

Movement of the balance during the year ended December 31, 2022 and 2021 is as follow:

	2022 \$	2021 \$
At January 1	9,906,000	—
Additions	20,000,000	10,000,000
Redemption	(3,004,897)	—
Changes in fair value recognized in profit or loss	<u>(9,363,495)</u>	<u>(94,000)</u>
At December 31	<u>17,537,608</u>	<u>9,906,000</u>

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19 Short-term deposits and cash and cash equivalents

See accounting policies in notes 36(J)(i)-(ii) and (L)(i).

(a) Short-term deposits

At December 31, 2022, the short-term deposits of the Group carried weighted average interest rates of 5.21% per annum (2021: nil).

(b) Cash and cash equivalents

	2022 \$	2021 \$
Bank balances	146,656,326	35,288,761
Cash on hand	3,869	191
Cash and cash equivalents	<u>146,660,195</u>	<u>35,288,952</u>

20 Accrued expenses and other liabilities

See accounting policies in note 36(J).

	2022 \$	2021 \$
Current		
Accrued staff costs	1,405,316	1,763,099
Accrued expenses	2,949,038	12,131,214
Accrued professional fee	4,432,425	11,877,996
Value added tax payable	58,093	1,893,190
Deposit liabilities	328,559	2,690,842
Consideration payable in relation to the ACT Acquisition (note)	958,224	—
Other payables and accruals	5,479,766	5,923,957
	<u>15,611,421</u>	<u>36,280,298</u>
Non-current		
Other non-current liabilities	949,701	—
	<u>16,561,122</u>	<u>36,280,298</u>

Note: The amount refers to the payable to one of the sellers who is an independent third party according to the share purchase agreement as mentioned in note 33, which was fully settled in January 2023.

All of the accrued expenses and other current liabilities are expected to be settled within one year or repayable on demand.

21 Contract liabilities

See accounting policy in note 36(C).

Contract liabilities represents non-refundable consideration received from customers before the Group recognizes the related revenue. Such consideration is recognized as contract liabilities until the performance obligation is fulfilled or the likelihood of having to fulfil the performance obligation is remote and it is highly probable that a significant reversal of revenue will not occur.

	2022 \$	2021 \$
Contract liabilities	<u>5,674,290</u>	<u>9,587,245</u>

Movement in contract liabilities is as follows:

	2022 \$	2021 \$
At January 1	9,587,245	7,054,586
Revenue recognised	(5,904,877)	(3,204,988)
Additions from acquisition (note 33(C))	416,307	—
Receipt from customers upon entering sales contracts	<u>1,575,615</u>	<u>5,737,647</u>
At December 31	<u>5,674,290</u>	<u>9,587,245</u>

At December 31, 2022 and 2021, except for the amount of \$2,500,370 and \$5,915,231, respectively, which is expected to be recognized as revenue within one year, the remaining amount will be recognized as revenue when the performance obligations are fulfilled, which may be after one year from the end of the reporting period.

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22 Lease liabilities

See accounting policy in note 36(M).

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting periods:

	2022 \$	2021 \$
Within 1 year	2,882,933	1,666,978
After 1 year but within 2 years	1,464,200	1,191,547
After 2 years but within 5 years	1,294,278	1,298,897
After 5 years	1,004,752	1,109,788
	<u>3,763,230</u>	<u>3,600,232</u>
Total	<u>6,646,163</u>	<u>5,267,210</u>

23 Loans and borrowings

See accounting policies in notes 36(B), (J)(i), (J)(iii) and (L)(ii).

(a) Trade financing

During the year ended December 31, 2022, the Group has entered into certain bank facilities amounted to \$14,500,000, which were secured by trade receivables. The balance of trade financing was interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.2% per annum or at United States Dollar reference rate ("USD Reference Rate") plus 1.2% per annum and repayable within one year.

The Group has also entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers. Under these arrangements, the banks pay suppliers the amounts owed by the Group on the original due dates, and then the Group settles the banks between 120 - 180 days later than the original due dates with the suppliers, with interest at HIBOR plus 1% per annum or at USD Reference Rate plus 1% per annum.

In the consolidated statement of financial position, the Group has presented payables to the banks under these arrangements as "trade financing", having compared the nature and function of such liabilities with trade payables to suppliers.

Proceeds from trade financing of \$21,677,075 were received during the year ended December 31, 2022 and the balances were fully repaid as at December 31, 2022.

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23 Loans and borrowings (continued)

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<i>Lease liabilities</i> \$ (note 22)	<i>Trade financing</i> \$ (note 23(a))	<i>Convertible securities</i> \$ (note 24)	<i>Preference shares liabilities</i> \$ (note 25)	<i>Amounts due to shareholders</i> \$	<i>Total</i> \$
At January 1, 2021	1,669,857	—	15,346,113	—	133,314	17,149,284
Changes from financing cash flows:						
Proceeds from issuance of convertible securities	—	—	4,980,718	—	—	4,980,718
Proceeds from issuance of preference shares liabilities	—	—	—	25,970,000	—	25,970,000
Capital element of lease rentals paid	(1,299,031)	—	—	—	—	(1,299,031)
Interest element of lease rentals paid	(205,915)	—	—	—	—	(205,915)
Decrease in amounts due to shareholders	—	—	—	—	(128,797)	(128,797)
Total changes from financing cash flows	(1,504,946)	—	4,980,718	25,970,000	(128,797)	29,316,975
Other changes:						
Increase in lease liabilities from entering into new leases	4,896,384	—	—	—	—	4,896,384
Interest expenses (note 8(a))	205,915	—	—	—	—	205,915
Fair value loss on convertible securities (note 24)	—	—	29,054,669	—	—	29,054,669
Fair value loss on preference shares liabilities (note 25)	—	—	—	125,398,798	—	125,398,798
Changes in the carrying amount of preference shares liabilities (note 25)	—	—	—	5,009,847	—	5,009,847
Reclassification of Series A, Series B and Series C preference shares from equity	—	—	—	279,832,806	—	279,832,806
Fair value recognized in other reserve due to amendment of terms (note 24)	—	—	811,819	—	—	811,819
Converted to Series D preference shares of the Company (note 24)	—	—	(50,193,319)	50,193,319	—	—
Vesting of shares under the restricted share scheme	—	—	—	—	(4,517)	(4,517)
Total other changes	5,102,299	—	(20,326,831)	460,434,770	(4,517)	445,205,721
At December 31, 2021	<u>5,267,210</u>	<u>—</u>	<u>—</u>	<u>486,404,770</u>	<u>—</u>	<u>491,671,980</u>

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23 Loans and borrowings (continued)

	Lease liabilities \$ (note 22)	Trade financing \$ (note 23(a))	Convertible securities \$ (note 24)	Preference shares liabilities \$ (note 25)	Amounts due to shareholders \$	Total \$
At January 1, 2022	5,267,210	—	—	486,404,770	—	491,671,980
Changes from financing cash flows:						
Capital element of lease rentals paid	(1,834,272)	—	—	—	—	(1,834,272)
Interest element of lease rentals paid	(244,085)	—	—	—	—	(244,085)
Interest paid	—	(172,978)	—	—	—	(172,978)
Proceeds from trade financing	—	21,677,075	—	—	—	21,677,075
Repayment of trade financing	—	(21,677,075)	—	—	—	(21,677,075)
Total changes from financing cash flows	(2,078,357)	(172,978)	—	—	—	(2,251,335)
Other changes:						
Increase in lease liabilities from entering into new leases	833,538	—	—	—	—	833,538
Interest expenses (note 8(a))	244,085	172,978	—	—	—	417,063
Changes in the carrying amount of preference shares liabilities (note 25)	—	—	—	3,752,758	—	3,752,758
Additions from acquisition (note 33(C))	2,379,687	—	—	—	—	2,379,687
Fair value loss on preference shares liabilities (note 25)	—	—	—	60,091,353	—	60,091,353
Reclassification to share premium (note 25)	—	—	—	(550,248,881)	—	(550,248,881)
Total other changes	3,457,310	172,978	—	(486,404,770)	—	(482,774,482)
At December 31, 2022	<u>6,646,163</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,646,163</u>

24 Convertible securities

See accounting policies in note 36(J)(iv).

Prenetics HK, a wholly owned subsidiary of the Company, issued United States dollar denominated convertible securities in the aggregate principal value of \$12,500,000 (“2020 Note”) and \$5,000,000 (“2021 Note”) (collectively the “Notes”). 2020 Note was issued on June 26, 2020 with the maturity date on August 25, 2021 and 2021 Note was issued on February 8, 2021 with the maturity date on February 8, 2022.

2020 Note bears no interest except when:

- (a) it is redeemable under the following circumstances in such cases it would bear a coupon rate of 2% per annum:
 - (1) when there is no merger entered into on or before 31 December 2020 and certain revenue target is not achieved;
 - (2) a merger agreement is entered into but terminated by counterparty;
 - (3) the noteholder’s failure to deliver merger conversion notice prior to the closing of the merger; or
 - (4) the Company fails to issue Series D preference shares or procure all the shareholders to enter into the Amended and Restated Shareholders’ Agreement on or prior to the Maturity Date.
- (b) in the event that the Company fails to repay 2020 Note when due, interest shall continue to accrue on the unpaid amount at 8% per annum.

2021 Note bears no interest except when (a) it is redeemable under the circumstance that Prenetics HK fails to issue Series D preference shares or procure all the shareholders to enter into the Amended and Restated Shareholders’ Agreement on or prior to its maturity date, in such cases it would bear a coupon rate of 2% per annum; (b) in the event that Prenetics HK fails to repay 2021 Note when due, interest shall continue to accrue on the unpaid amount at 8% per annum.

At the option of the noteholder, the Notes can be converted into ordinary shares of a new holding company which is to be formed under a merger if the merger is closed prior to the maturity dates. If no merger is closed prior to the maturity dates or if any event of default occurs prior to the closing of any merger, 2020 Note and 2021 Note will be converted respectively into the Series D preference shares of PHCL at \$4.5789 per share and \$6.6023 per share mandatorily on the maturity dates if the Notes are not redeemed.

While the Notes contain a conversion feature which is an embedded derivative and should be separately accounted for, the conversion feature cannot be measured separately. As such, the Notes have been measured at fair value since inception. At the end of each reporting period, the fair value is remeasured with any gain or loss arising from the remeasurement being recognized immediately in profit or loss.

During the year ended December 31, 2021, the Notes were converted into 2,729,893 Series D preferred shares of PHCL.

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24 Convertible securities (continued)

Movement of the balance during the year ended December 31, 2021 was as follow:

	\$
At January 1, 2021	15,346,113
Proceeds from issuance of convertible securities	4,980,718
Changes in fair value recognized in profit or loss	29,054,669
Changes in fair value recognized in other reserve due to amendment of terms	811,819
Converted to Series D preference shares of PHCL (note 25)	<u>(50,193,319)</u>
At December 31, 2021, January 1, 2022 and December 31, 2022	<u>—</u>

25 Preference shares liabilities

Prenetics HK entered into a Share Exchange Agreement and Subscription Agreement with, amongst others, the existing shareholders of Prenetics HK and PHCL in May 2021. Under the agreement, 4,154,726 Series A preference shares, 5,338,405 Series B preference shares, 10,532,116 Series C preference shares were exchanged into PHCL's preference shares at a conversion ratio of 1 to 1, and the contractual terms of the Notes were amended by inserting a new clause so that the Notes are exchangeable into PHCL's Series D preference shares upon the completion of the Corporate Restructuring. The share exchange and issuance were completed on June 16, 2021. On the same date, PHCL issued 1,650,913 Series E preference shares.

25 Preference shares liabilities (continued)

All series of the preference shares share the following features:

- preference shareholders are entitled to the same voting power of the ordinary shares on an as if converted basis and are entitled to a right to vote as a separate class on the special corporate matters;
- 8% non-cumulative dividend per annum with distribution priority over the holders of ordinary shares (the “Ordinary Shareholders”). Among the preference shareholders, shareholders of Series C have priority over those of Series B and A, and Series B have priority over Series A;
- the preference shares can be redeemed at the option of the holders upon the occurrence of a Redemption Event, which is defined as the failure to secure an initial public offering or a liquidation event by June 16, 2026. Otherwise, the preference shares will be converted into the ordinary shares of the Company upon the closing of an initial public offering at a then-effective conversion ratio with a down-round protection feature;
- the redemption amount will be based on i) the product of the original subscription price paid and the number of shares to be redeemed for Series A; and ii) the product of the original subscription price paid and the number of share to be redeemed, plus all declared or accrued but unpaid dividends, plus a simple interest of 10% per annum on the subscription price for Series B, Series C and Series D; and iii) the product of the original subscription price paid and the number of share to be redeemed, plus all declared or accrued but unpaid dividends, plus a simple interest of 12% per annum on the subscription price for Series E; and
- upon liquidation, the holders shall be entitled to receive their investment amount prior to and in preference to Ordinary Shareholders and in the following order of priority from the highest to the lowest: Series E, Series D, Series C, Series B and Series A.

Following the share exchange, all series of the preference shares have been reclassified or classified as financial liability under IAS 32, *Financial Instruments: Presentation* because they contain i) a contractual obligation to deliver cash depending on the outcome of an IPO or a liquidation event that is beyond the control of both the Company and the holders of the shares; and ii) the conversion option does not meet the fixed-for-fixed condition. As such, the redemption feature is considered a non-derivative financial liability being measured at amortized cost (i.e. present value of the redemption amount) and the conversion feature is considered as a derivative financial liability being measured at fair value through profit or loss.

As a result of the aforementioned share exchange, the difference between the carrying amount of Series A, Series B and Series C preference shares and their fair value of the preferred shares liability on the exchange date is recognized in other reserve. For Series D preference shares, there was no difference between the fair value of the convertible securities and the fair value of the liability on the exchange date. For Series E preference shares, they were recorded at fair value on the date of issuance.

25 Preference shares liabilities (continued)

The movements of preference shares during the year ended December 31, 2021 and 2022 are as follows:

	<i>Present value of redemption amount \$</i>	<i>Conversion feature \$</i>	<i>Total \$</i>
At January 1, 2021	—	—	—
Reclassification of Series A, Series B and Series C preference shares from equity	25,433,864	254,398,942	279,832,806
Conversion of convertible securities to Series D preference shares (note 24)	11,974,503	38,218,816	50,193,319
Issuance of Series E preference shares	18,954,939	7,015,061	25,970,000
Changes in the carrying amount of preference shares liabilities (note 8(a))	5,009,847	—	5,009,847
Changes in fair value recognized in profit or loss	—	125,398,798	125,398,798
At December 31, 2021 and January 1, 2022	<u>61,373,153</u>	<u>425,031,617</u>	<u>486,404,770</u>
Changes in the carrying amount of preference shares liabilities (note 8(a))	3,752,758	—	3,752,758
Changes in fair value recognized in profit or loss	—	60,091,353	60,091,353
Reclassification to share capital and share premium upon listing	<u>(65,125,911)</u>	<u>(485,122,970)</u>	<u>(550,248,881)</u>
At December 31, 2022	<u>—</u>	<u>—</u>	<u>—</u>

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26 Warrant liabilities

See accounting policies in note 36(J).

The Reverse Recapitalization (see Note 30) has included the issuance of 22,384,586 warrants. Each warrant entitles the holder to purchase one Class A ordinary share of the Company at an exercise price of \$8.91 per whole share. The warrants are exercisable from May 18, 2022 and will expire on May 18, 2027.

The warrants are listed on NASDAQ under the trading symbol “PRENW” and are measured based on the market price.

Movement of the balance during the year ended December 31, 2022 is as follow:

	2022 \$
At January 1	—
Assumption of warrant upon the Reverse Recapitalization	6,186,423
Issuance of warrant	585,000
Change in fair value recognized in profit or loss	<u>(3,196,538)</u>
At December 31	<u><u>3,574,885</u></u>

27 Liabilities for puttable financial instrument

See accounting policies in note 36(J).

On December 30, 2022, the Group acquired 74.39% of the issued share capital of ACT Genomics. In connection with the ACT Acquisition, a puttable financial instrument had been granted under the shareholders’ agreements to the remaining shareholders of ACT (the “NCI of ACT”), which the Group has an obligation to buy the remaining shares from the NCI of ACT at specified price if the NCI of ACT exercises the option before the contract’s expiry date.

The puttable financial instrument is presented as a current financial liability in the consolidated financial statements due to a potential event could trigger within twelve months from the end of the reporting period.

The movement of the liabilities for puttable financial instrument during year ended December 31, 2022 are analyzed as follows:

	2022 \$
At January 1	—
Issuance of puttable financial instrument	17,138,905
At December 31	<u><u>17,138,905</u></u>

[Table of Contents](#)**28 Capital and reserves**

See accounting policies in note 36(K).

As described in Note 1, the Reverse Recapitalization has resulted in PHCL becoming a wholly owned subsidiary of the Company on May 18, 2022, effectuated by the holders of PHCL ordinary shares exchanging each of their shares for Class A or Class B ordinary shares of the Company (collectively “Prenetics Ordinary Shares”) as described below:

(a) Movement in ordinary shares of PHCL**Authorized and issued share capital**

		2022		2021	
	Note	No. of shares	\$	No. of shares	\$
Authorized ordinary shares of \$1 / \$0.0001 each	(ii)	50,000	50,000	500,000,000	50,000
Ordinary shares, issued and fully paid:					
As of the beginning of the year		14,932,033	1,493	14,543,817	15,349,833
Reclassification to share premium arising from the restructuring	(ii)	—	—	—	(15,348,379)
Shares issued upon conversion of exchange loan notes	(iii)	1	1	388,216	39
Exchange for Prenetics Ordinary Shares as part of Reverse Recapitalization	(vii)	(14,932,033)	(1,493)	—	—
At the end of the year	(v)	1	1	14,932,033	1,493
Series A preference shares, issued and fully paid:					
As of the beginning of the year		—	—	4,154,726	2,296,598
Reclassification to preference shares liabilities	(iii)	—	—	(4,154,726)	(2,296,598)
At the end of the year		—	—	—	—
Series B preference shares, issued and fully paid:					
As of the beginning of the year		—	—	5,338,405	5,554,173
Reclassification to preference shares liabilities	(iii)	—	—	(5,338,405)	(5,554,173)
At the end of the year		—	—	—	—
Series C preference shares, issued and fully paid:					
As of the beginning of the year		—	—	10,532,116	30,040,000
Reclassification to preference shares liabilities	(iii)	—	—	(10,532,116)	(30,040,000)
At the end of the year		—	—	—	—
Total share capital			1		1,493

28 Capital and reserves (continued)

Notes:

- (i) The Ordinary Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of PHCL. All ordinary shares rank equally with regard to the Group's residual assets.
- (ii) At December 31, 2021, the authorized share capital of PHCL was \$50,000 divided into 500,000,000 shares with a par value of \$0.0001 each.
Prior to the restructuring, the share capital of Prenetics HK represent the full consideration amount as in accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the PHCL do not have a par value. Upon the restructuring, the consolidated financial statements of PHCL is presented as a continuation of the consolidated financial statements of Prenetics HK except for the capital structure, where the share capital would reflect the par value with the excess recorded as share premium.
As specified in the written plan of merger approved by special resolution of the shareholders of PHCL at an extraordinary general meeting of the shareholders of PHCL on May 6, 2022, the authorized share capital of PHCL had been redesignated to \$50,000 divided into 50,000 ordinary shares of a par value of \$1 each.
- (iii) On November 11, 2021, 388,216 ordinary shares valued at \$1,778,029 were issued upon the conversion of the exchange loan notes by the then-shareholders of Oxsed Limited.
On May 18, 2022, 1 ordinary share valued at \$1 was issued upon the closing of the Acquisition Merger.
- (iv) On June 16, 2021, Series A preference shares, Series B preference shares and Series C preference shares of Prenetics HK were reclassified to the preference shares of PHCL, which are classified as liabilities as a result of the Corporate Restructuring.
- (v) At December 31, 2021, the entire amount standing to the reclassification to share premium at \$17,126,369 due to the Group's restructuring.
- (vi) At December 31, 2021, 1,543 ordinary shares have not been issued to one of the shareholders until certain statutory procedures were completed in March 2022.
- (vii) On May 18, 2022, the ordinary shares of PHCL were canceled in exchange for the right to receive Class A or Class B ordinary shares of the Company equal to the exchange ratio of 2.03 for each ordinary share of PHCL.

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28 Capital and reserves (continued)

(b) Movement in ordinary shares of the Company

Authorized and issued share capital

		2022	
	Note	No. of shares	\$
Authorized Class A ordinary shares of \$0.0001 each	(i)	450,000,000	45,000
Authorized Class B ordinary shares of \$0.0001 each	(i)	50,000,000	5,000
		<u>500,000,000</u>	<u>50,000</u>
Class A ordinary shares, issued and fully paid:			
As of the beginning of the year		—	—
Issuance of Prenetics Ordinary Shares as part of Reverse Recapitalization		101,265,915	10,127
Share issued for vesting of restricted share units		7,852,791	785
Share issued upon conversion of exchange loan notes		789,282	79
Share issued for the ACT Acquisition		17,361,258	1,736
At the end of the year	(ii)	<u>127,269,246</u>	<u>12,727</u>
Class B ordinary shares, issued and fully paid:			
As of the beginning of the year		—	—
Issuance of Prenetics Ordinary Shares as part of Reverse Recapitalization		9,713,864	971
At the end of the year	(iii)	<u>9,713,864</u>	<u>971</u>
Total share capital		<u>13,698</u>	<u>13,698</u>

Notes:

- (i) The authorized share capital of the Company is \$50,000 divided into 500,000,000 shares with a par value of \$0.0001 each, of which (i) 450,000,000 shall be designated as Class A Ordinary Shares; (ii) 50,000,000 shall be designated as convertible Class B Ordinary Shares. The share capital would reflect the par value with the excess recorded as share premium.
- (ii) Class A ordinary shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Group's residual assets.
- (iii) Class B ordinary shareholders are entitled to receive dividends as declared from time to time and are entitled to twenty vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Group's residual assets.

28 Capital and reserves (continued)

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve represents restricted shares granted to shareholders but are subjected to certain restrictions and portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognized in accordance with the accounting policy adopted for share-based payments in note 36(D)(ii).

(ii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 36(B).

(iii) Other reserves

The other reserves comprise (i) the fair value of share issuance of \$5,061,304 in connection with the ACT Acquisition; (ii) the amortized cost of puttable financial instrument in connection with the ACT Acquisition; (iii) the then shareholders of Oxsed Limited exchanged GBP5,865,450 (equivalent to \$7,549,258) into 1,652,248 ordinary shares in connection with the acquisition of Oxsed Limited; and (iv) the remaining balance of the unconverted portion of the exchange loan notes recognized as equity instrument in note 36(J)(iv) in accordance with the accounting policy adopted for convertible securities.

(iv) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(v) Treasury stock

As at December 31, 2022, the Company holds 310,825 shares in treasury and the aggregate price of the purchased shares is deducted from equity as "Treasury stock" for an amount of \$661,519.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to support the Group's stability and growth, by pricing products and services commensurately with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders return, taking into consideration the future of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group made no changes to its capital management objectives, policies or processes during the years ended December 31, 2022 and 2021.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29 Equity-settled share-based transactions

See accounting policy in note 36(D)(ii).

Apart from the equity-settled share-based payment disclosed in note 30, at December 31, 2020, Prenetics HK has two share option schemes which were approved in 2014 and 2016 (collectively as the “Option Schemes”) and one restricted share scheme which was approved in 2017 (the “Restricted Share Scheme”), respectively whereby the directors of Prenetics HK are authorized, at their discretion, to invite employees of Prenetics HK, including directors, and third party personnel, to take up options to subscribe for ordinary shares of Prenetics HK.

The Option Schemes and the Restricted Share Scheme of Prenetics HK were subsequently terminated on June 16, 2021, and were rolled up to a new ESOP scheme of PHCL (the “PHCL 2021 Plan”).

Following the consummation of the Reverse Recapitalization, no further awards would be granted under the PHCL 2021 Plan and all restricted shares units (“RSU”) with respect to PHCL ordinary shares that were outstanding under the PHCL 2021 Plan have been replaced by Prenetics 2022 Share Incentive Plan (the “Prenetics 2022 Plan”). There was no incremental fair value in addition to the original grant-date fair value of those cancels under PHCL 2021 Plan as a result of the replacement with Prenetics 2022 Plan.

(a) Prenetics 2022 Plan

Under the Prenetics 2022 Plan, the Company granted 144,522 RSUs, 2,446,557 RSUs and 946,330 RSUs to certain employees, directors and third parties on May 18, 2022, June 30, 2022 and December 31, 2022, respectively.

The RSUs granted were measured at the closing price per ordinary share less subscription price per ordinary share on grant date.

The RSUs outstanding at December 31, 2022 had an exercise price of \$0.01 per ordinary share, and a range of vesting period up to 3 years.

The number and weighted average exercise prices of the RSUs are as follows:

	2022	
	Weighted average exercise price \$	Number of RSUs
At January 1	—	—
Granted	0.01	3,537,409
Cancelled	0.01	(75,031)
Exercised	0.01	(1,102,111)
Outstanding at December 31	0.01	2,360,267
Exercisable at December 31	0.01	16,775

29 Equity settled share-based transactions (continued)

The aggregate fair value of the RSU granted to the selected employees on the dates of grants on May 18, 2022, June 30, 2022 and December 31, 2022 were \$1,104,148 (\$7.64 per share), \$9,884,090 (\$4.04 per share) and \$1,892,660 (\$2.00 per share), respectively. The Company recognized employee share-based compensation benefits according to the restriction conditions.

During the year ended December 31, 2022, equity-settled share-based payment expenses in respect of the Prenetics 2022 Plan of \$7,732,961 was recognized in profit or loss, respectively. The remaining balance is recognized in profit or loss over the remaining vesting period.

(b) PHCL 2021 Plan

Details of the restricted share units outstanding as at December 31, 2022 and 2021 are as follows:

	<i>Number of instruments</i>	
	<i>2022</i>	<i>2021</i>
Restricted share units granted to directors	1,636,011	11,900,009
Restricted share units granted to employees	43,045	2,033,151
Restricted share units granted to third parties	11,710	815,057
	<u>1,690,766</u>	<u>14,748,217</u>

Under the PHCL 2021 Plan, PHCL granted 3,933,063 RSU to certain employees, directors and third parties on June 16, 2021 and 63,934 restricted share units in December 2021 to certain directors, employees and third parties, respectively.

The fair value of services received in return for the RSU granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on Black-Scholes Model. The contractual life of the share option is used as an input into this model.

	<i>2021</i>
Fair value of RSU and key assumptions	
Fair value at measurement date	\$ 13.89 - \$18.91
Share price	\$ 13.89 - \$18.91
Exercise price	\$ 0.01
Expected volatility	41.03% - 44.26%
Expected option life	1 year
Expected dividends	0%
Risk-free interest rate	1% - 1.13%
Likelihood of achieving a redemption event	5%
Likelihood of achieving a liquidity event	5%

29 Equity settled share-based transactions (continued)

The number and weighted average exercise prices of the RSUs are as follows:

	2022		2021	
	Weighted average exercise price \$	Number of RSUs	Weighted average exercise price \$	Number of RSUs
At January 1	0.01	14,748,217	0.01	—
Rolled up from options	—	—	0.01	10,751,220
Granted	—	—	0.01	3,996,997
Exercised	0.01	(12,821,445)	—	—
Forfeited	0.01	(168,894)	—	—
Cancelled	0.01	(67,112)	—	—
Outstanding at December 31	<u>0.01</u>	<u>1,690,766</u>	<u>0.01</u>	<u>14,748,217</u>
Exercisable at December 31	<u>0.01</u>	<u>14,571</u>	<u>0.01</u>	<u>—</u>

The restricted share units outstanding at December 31, 2021 had a weighted average exercise price of \$0.01 per ordinary share, and a weighted average remaining contractual life of 4.7 years.

The aggregate fair value of the restricted shares granted to the selected employees on the dates of grants on June 30, 2021 and December 31, 2021 was \$54,645,652 (\$13.89 per share) and \$1,209,111 (\$18.91 per share) respectively. The Company recognized employee share-based compensation benefits according to the restriction conditions.

During the year ended December 31, 2022, equity-settled share-based payment expenses in respect of the PHCL 2021 Plan of \$23,847,422 (2021: \$21,946,632) was recognized in profit or loss, respectively. The remaining balance is recognized in profit or loss over the remaining vesting period.

29 Equity settled share-based transactions (continued)**(c) Option Schemes**

For options granted under the Option Schemes, the exercise price was \$0.01 per ordinary share with 33.33% vesting on the first anniversary, followed by 2.77% monthly over a twenty three-month period and 2.96% on the third anniversary.

Options granted under the Option Schemes were exercisable within 7 years from the date of grant or longer if extended by the Board upon vesting and the occurrence of a liquidity event as defined in the option agreements.

The number and weighted average exercise prices of share options were as follows:

	<u>2021</u>	
	<i>Weighted average exercise price \$</i>	<i>Number of options</i>
At January 1	0.01	10,757,396
Forfeited	0.01	(6,176)
Rolled up to the PHCL 2021 Plan	0.01	<u>(10,751,220)</u>
At December 31		<u>—</u>

Option Schemes were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the Option Schemes.

During the year ended December 31, 2021, equity-settled share-based payment expenses in respect of the Option Schemes of \$532,752 was recognized in profit or loss.

29 Equity settled share-based transactions (continued)

(d) Restricted Share Scheme

Under the Restricted Share Scheme, Prenetics HK granted 5,313,900 restricted shares to certain employees on August 1, 2017. Purposes and objectives of the Restricted Share Scheme are to recognize and motivate the contribution of employees and to incentivize them to further the operation and enhancing the value of Prenetics HK and its shares for the benefit of Prenetics HK and its shareholders as a whole.

The restricted shares granted were ordinary shares with a subscription price of \$0.01 per share. These restricted shares are subject to the following restrictions:

- Vesting conditions: 33.33% of the shares vest on the first anniversary from the date of grant, followed by 2.77% monthly over the next twenty three-month period and 2.96% monthly from the third anniversary;
- In addition to the stated vesting conditions above, the restricted shares are subject to certain claw-back provisions and transfer restrictions with reference to the length of the period till the earliest of (i) September 1, 2021; (ii) the first anniversary after the completion of an initial public offering and (iii) the occurrence of a liquidation event. A liquidation event has been defined in the share agreement as a trade sale of more than 50% of Prenetics HK's shares, a merger/consolidation or similar business combination of Prenetics HK which results in change in control, or a sale of a majority part or substantially all of Prenetics HK's assets. These claw-back provisions and transfer restrictions result in implicit vesting conditions in addition to those mentioned above.

The movement of restricted shares granted based on the restrictions and vesting conditions above during the years ended December 31, 2021 is as follow:

	2021 \$
Unvested restricted shares subject to claw-back, at January 1	451,682
Vested and not subject to claw-back	(451,682)
Unvested restricted shares subject to claw-back, at December 31	<u>—</u>

The aggregate fair value of the restricted shares granted to the selected employees on the dates of grants was \$5,799,625 (\$1.091 per share). The Company recognized employee share-based compensation benefits according to the restriction conditions.

During the year ended December 31, 2021, equity-settled share-based payment expenses in respect of the Restricted Shares Scheme of \$15,534 was recognized in profit or loss.

30 Reverse Recapitalization

As disclosed in note 1, the Reverse Recapitalization has been accounted for with reference to the principles of reverse acquisitions with PHCL being the accounting acquirer and Artisan the accounting acquiree. Accordingly, except for the capital structure, these financial statements have been presented as a continuation of the consolidated financial information of PHCL Group with:

- the assets and liabilities of PHCL Group recognized and measured at their carrying amounts immediately prior to the Reverse Recapitalization;
- the retained earnings and other equity balances of PHCL Group recognized at amounts immediately prior to the Reverse Recapitalization; and
- the financial information for periods prior to the Reverse Recapitalization being that of PHCL Group.

As Artisan, the accounting acquiree, does not meet the definition of a business for the purposes of IFRS 3, the Reverse Recapitalization is determined to be an acquisition of the net assets of Artisan together with an equity-settled share-based payment which is regarded as an issuance of certain of the Company's Class A ordinary shares in exchange for a stock exchange listing service. The stock exchange listing service has been recorded in profit or loss and measured as the excess of fair value of the Company's Class A ordinary shares issued to acquire Artisan over the fair value of Artisan's identifiable net assets acquired, with the amount expensed as incurred:

	\$	\$
Fair value of Artisan's identifiable net assets acquired comprising		23,599,605
<i>Prepayments</i>	538,315	
<i>Cash and cash equivalent</i>	30,363,822	
<i>Accrued expenses</i>	(231,109)	
<i>Warrants liabilities (note (i))</i>	(6,186,423)	
<i>Derivative liabilities (note (ii))</i>	(885,000)	
Less: Fair value of consideration comprising:		
<i>14,523,244 Company's Class A ordinary shares</i>		(113,146,206)
<i>Share-based payment expense on listing</i>		(89,546,601)

30 Reverse Recapitalization (continued)

Notes:

- (i) The warrants liabilities acquired include those in relation to the warrants issued by Artisan to Artisan's public investors and Artisan LLC, the sponsor. The holders of Artisan's warrants (including public investors and the sponsor) received one warrant of the Company for each Artisan's warrant, resulting in the issuance of 1,500,000 warrants of the Company (see note 26)
- (ii) Prior to the initial public offering of Artisan, institution investors ("FPA Investors") agreed to purchase an aggregate of 6,000,000 Class A ordinary shares of Artisan and 1,500,000 redeemable warrants of Artisan at a price of \$10 per Class A ordinary share and $\frac{1}{4}$ warrant of Artisan in a private placement to close immediately prior to the closing of Artisan merging with one or more entities. The investment commitments from FPA Investors represents a derivative liability of Artisan measured at FVPL before the Initial Merger. As part of the Reverse Recapitalization, prior to the Initial Merger, the agreements with FPA Investors were amended such that FPA Investors committed to purchase a variable number of Class A ordinary shares and warrants of the Company at an aggregate price of \$585,000 immediately prior to the closing of the Acquisition Merger. On May 18, 2022, the derivative liability was settled by issuing 6,000,000 Class A ordinary shares and 1,500,000 warrants of the Company to FPA Investors (see note 26).

The Reverse Recapitalization has also involved the following transactions:

- For additional capitalization, the Company issued 5,580,000 Class A ordinary shares to PIPE Investors on May 18, 2022 (see note 28(b)), pursuant to the original subscription agreements dated on September 15, 2021 which was subsequently amended in 2022.

In the subscription agreements dated on September 15, 2021, PIPE Investors committed to purchase Class A ordinary shares of the Company at a price of \$10 per share upon listing. The subscription agreements were amended on March 30, 2022 such that PIPE Investors committed to purchase a variable number of Class A ordinary shares of the Company at an aggregate price of \$55,800,000 upon listing. The amendment of the subscription agreements with PIPE Investors results in recognition of a derivative liability measured at fair value through profit or loss, with a debit in equity. Upon completion of the Reverse Recapitalization, the derivative liability was settled by issuing 7,740,000 Class A ordinary shares of the Company to PIPE Investors.

- Professional services expenditure of \$18,231,775 were incurred to facilitate listing on NASDAQ, with \$3,529,904 and \$14,701,871 recognized as administrative and other operating expenses in the profit or loss for the years ended December 31, 2022 and 2021, respectively.

[Table of Contents](#)**31 Financial instruments - Fair values and risk management****A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<i>Note</i>	<i>2022</i> \$	<i>2021</i> \$
Financial asset measured at fair value			
Financial assets at FVPL	18	17,537,608	9,906,000
Financial assets at amortized cost			
Trade receivables	17	41,691,913	47,041,538
Deposits and other receivables	15,17	8,181,576	8,511,304
Amounts due from related companies		—	9,060
Cash and cash equivalents	19(b)	146,660,195	35,288,952
		<u>196,533,684</u>	<u>90,850,854</u>
Financial liabilities measured at fair value			
Preference shares liabilities	25	—	486,404,770
Warrant liabilities	26	3,574,885	—
		<u>3,574,885</u>	<u>486,404,770</u>
Financial liabilities at amortized cost			
Trade payables		7,291,133	9,979,726
Accrued expenses and other liabilities	20	15,668,734	36,280,298
Liabilities for puttable financial instrument	27	17,138,905	—
		<u>40,098,772</u>	<u>46,260,024</u>

31 Financial instruments - Fair values and risk management (continued)

The Group's finance team is responsible for overseeing the valuation of the financial instruments, including the unlisted securities and the conversion feature embedded in the preference shares liabilities which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation results with analysis of changes in fair value measurement are prepared by the team with the assistance from external valuers where necessary and reviewed by the chief financial officer at each quarter end and annual reporting date. The valuation process is documented and updated where appropriate by the team and reviewed by the chief financial officer quarterly that coincides with the reporting dates.

	Fair value at December 31, 2022 \$	Fair value measurements at December 31, 2022 categorized into		
		Level 1 \$	Level 2 \$	Level 3 \$
Recurring fair value measurements				
<i>Asset:</i>				
Financial assets at FVPL:				
- Unlisted securities	17,537,608	—	—	17,537,608
<i>Liability:</i>				
Warrant liabilities	3,574,885	3,574,885	—	—
	Fair value at December 31, 2021 \$	Fair value measurements at December 31, 2021 categorized into		
		Level 1 \$	Level 2 \$	Level 3 \$
Recurring fair value measurements				
<i>Asset:</i>				
Financial assets at FVPL - Unlisted securities				
	9,906,000	—	—	9,906,000
<i>Liability:</i>				
Preference shares liabilities - conversion feature	425,031,617	—	—	425,031,617

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31 Financial instruments - Fair values and risk management (continued)

B. Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<i>Type</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Inter-relationship between significant unobservable inputs and fair value measurement</i>
Financial assets at fair value through profit or loss	Adjusted net asset value	Underlying assets' value	The estimated fair value would increase if the underlying assets' value is higher
Preference shares liabilities - conversion feature	Discounted cash flow and equity allocation method: the conversion feature is measured by deducting the present value of the expected redemption amount from the fair value of the preferred shares. The fair value of the preference shares is determined by applying the equity allocation method to the total equity value of the Group estimated based on the net present value of future cash flows.	Risk-adjusted discount rate adopted in the discounted cashflow method for the valuation of equity interest: 15.90% Discount for lack of marketability: 12% Expected volatility adopted in the equity allocation method: 41.03%	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the risk-adjusted discount rate was lower (higher); • the discount for lack of marketability was lower (higher); or • the expected volatility was higher (lower)

(ii) Transfers between Levels 1 and 2

There were no transfers from Level 2 to Level 1 in 2022 and no transfers in either direction in 2021.

31 Financial instruments - Fair values and risk management (continued)**(iii) Level 3 recurring fair values***Sensitivity analysis*

The following table indicates instantaneous changes in the Group's loss if there is an increase/decrease in the significant unobservable inputs used in the valuation of preferred shares liabilities – conversion feature, assuming all other variables remain constant.

<i>Significant unobservable inputs</i>	<i>December 31, 2021</i>	
	<i>Increase/(decrease) in significant unobservable inputs %</i>	<i>Increase/(decrease) on the Group's loss \$</i>
Risk-adjusted discount rate	5	(48,370,219)
	(5)	55,767,113
Discount for lack of marketability	5	(1,795,038)
	(5)	1,795,061
Expected volatility	5	84,785
	(5)	(89,520)

The movement of conversion feature of the preference shares liabilities during the year ended December 31, 2022 and 2021 are disclosed in note 25.

31 Financial instruments - Fair values and risk management (continued)

C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see (C)(a));
- liquidity risk (see (C)(b)); and
- currency risk (see (C)(c)).

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and cash and cash equivalents. The Group's credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with good credit rating for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At December 31, 2022 and 2021, 56% and 46% of the total trade receivables were due from the Group's largest customer, and 73% and 69% of the total trade receivables were due from the Group's five largest customers, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are due within 30 to 60 days from the billing date. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. The Group allocates each individual customer to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of customer.

Each individual customer is allocated to a credit risk grade on initial recognition based on available information about the customer. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

31 Financial risk management and fair values of financial instruments (continued)**(a) Credit risk (continued)**

The Group then calculates an expected loss rate for each credit risk grade with reference to the weighted-average loss rate for each external credit rating published by external rating agencies. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

At December 31, 2022 and 2021, the overall expected loss rate was 0.13% and 0.80%, respectively, which reflected the settlement experience on the trade receivables.

Movement in the loss allowance account in respect of trade receivable during the years ended December 31, 2022 and 2021 is as follows:

	2022 \$	2021 \$
At January 1	518,968	411,059
Net remeasurement of loss allowance	(136,493)	110,114
Amounts written off	(33,808)	—
Exchange differences	(20,118)	(2,205)
At December 31	<u>328,549</u>	<u>518,968</u>

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31 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Carrying amount \$	Contractual undiscounted cash flows			
		Total \$	Within 1 year or on demand \$	1 - 2 years \$	More than 2 years \$
At December 31, 2022					
Non-derivative financial liabilities					
Trade payables	7,291,133	7,291,133	7,291,133	—	—
Accrued expenses and other liabilities	15,668,734	15,668,734	15,611,421	57,313	—
Lease liabilities	6,646,163	7,308,540	3,022,367	1,678,615	2,607,558
Warrant liabilities	3,574,885	3,574,885	3,574,885	—	—
Liabilities for puttable financial instrument	17,138,905	17,138,905	17,138,905	—	—
	<u>50,319,820</u>	<u>50,982,197</u>	<u>46,638,711</u>	<u>1,735,928</u>	<u>2,607,558</u>

	Carrying amount \$	Contractual undiscounted cash flows			
		Total \$	Within 1 year or on demand \$	1 - 2 years \$	More than 2 years \$
At December 31, 2021					
Non-derivative financial liabilities					
Trade payables	9,979,726	9,979,726	9,979,726	—	—
Accrued expenses and other liabilities	36,280,298	36,280,298	36,280,298	—	—
Lease liabilities	5,267,210	5,981,170	1,921,466	1,743,456	2,316,248
Preference share liabilities - redemption amount	61,373,153	123,556,616	—	—	123,556,616
	<u>112,900,387</u>	<u>175,797,810</u>	<u>48,181,490</u>	<u>1,743,456</u>	<u>125,872,864</u>

31 Financial risk management and fair values of financial instruments (continued)**(c) Currency risk**

The Company's functional and presentation currency is USD. The Group is exposed to currency risk primarily through subsidiaries conducting their operations outside of Hong Kong with assets and liabilities denominated in other currencies, being primarily USD and Renminbi ("RMB").

As the HKD is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year end date.

	<i>December 31, 2022</i>	
	<i>USD</i>	<i>RMB</i>
	<i>\$</i>	<i>\$</i>
Trade receivables	79,220	—
Deposits and prepayments	2,972,471	872,455
Cash and cash equivalents	12,225,385	14
Trade payables	(3,984,494)	(2,029,309)
Accrued expenses and other liabilities	(3,741,359)	—
Net exposure to currency risk	<u>7,551,223</u>	<u>(1,156,840)</u>

	<i>December 31, 2021</i>	
	<i>USD</i>	<i>RMB</i>
	<i>\$</i>	<i>\$</i>
Trade receivables	373,889	—
Deposits and prepayments	3,899,656	4,500,406
Cash and cash equivalents	1,231,648	14
Trade payables	(2,112,494)	(6,113,239)
Accrued expenses and other liabilities	(11,420,246)	(107)
Net exposure to currency risk	<u>(8,027,547)</u>	<u>(1,612,926)</u>

31 Financial risk management and fair values of financial instruments (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2022		2021	
	Increase/ (decrease) in foreign exchange rates %	Effect on loss after tax and accumulated losses \$	Increase/ (decrease) in foreign exchange rates %	Effect on loss after tax and accumulated losses \$
USD	1	(63,061)	1	67,269
	(1)	63,061	(1)	(67,269)
RMB	5	48,298	1	13,468
	(5)	(48,298)	(1)	(13,468)

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32 List of subsidiaries

See accounting policy in note 36(A)(ii).

The following list contains the material subsidiaries of the Group at December 31, 2022 and December 31, 2021 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issue capital held by the Company				Principal activities
			2022		2021		
			Directly %	Indirectly %	Directly %	Indirectly %	
Prenetics Limited	Hong Kong	HK\$415,276,716	—	100	—	100	Genetic and diagnostic health testing
Prenetics EMEA Limited	United Kingdom	GBP76,765.81	—	100	—	100	Genetic and diagnostic health testing
ACT Genomics Holdings Company Limited (note 33)	Cayman Islands	\$16,713	74.39	—	—	—	Precise cancer genetic testing services
ACT Genomics Co., Ltd.	Taiwan	TWD455,080,000	—	74.33	—	—	Precise cancer genetic testing - services
ACT Genomics (Hong Kong) Limited	Hong Kong	HK\$775,000	—	74.39	—	—	Precise cancer genetic testing - services
Sanomics Limited	Hong Kong	HK\$500,000	—	74.39	—	—	Precise cancer genetic testing - services
MC Diagnostics Limited	United Kingdom	GBP1,164	—	74.39	—	—	Sales of medical diagnostics products

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33 Acquisition of ACT Group

See accounting policy in note 36(A)(i)-(iii).

A. Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

	\$
Cash	9,041,776
Deferred consideration (note 20)	958,224
Equity instruments (19,891,910 ordinary shares)	39,783,820
Total consideration transferred	<u>49,783,820</u>
Net cash outflow arising on acquisition:	
Cash consideration	9,041,776
Less: cash and cash equivalent balances acquired (note 33(C))	5,623,061
Total net cash outflow arising on acquisition	<u>3,418,715</u>

Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at December 30, 2022 of \$2 per share.

B. Acquisition-related costs

The Group incurred acquisition-related costs of \$1,191,858 on legal fees and due diligence costs. These costs have been included in 'administrative and other operating expenses'.

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33 Acquisition of ACT Group (continued)

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	\$
Property, plant and equipment (note 11)	5,649,182
Intangible assets (note 12)	13,826,389
Interests in associates (note 14)	788,472
Deferred tax assets	235,879
Inventories	1,294,959
Trade receivables	2,594,976
Deposits, prepayments and other receivables	2,013,985
Cash and cash equivalents (note 33(A))	5,623,061
Trade payables	(857,537)
Accrued expenses and other current liabilities	(2,763,480)
Contract liabilities (note 21)	(416,307)
Lease liabilities	(2,379,687)
Tax liabilities	(5,713)
Deferred tax liabilities	(2,913,666)
Other non-current liabilities	(223,207)
Total identifiable net assets acquired	22,467,306

Measurement of fair values

The valuation technique used for measuring the fair value of material assets acquired was as follow.

Assets acquired	Valuation technique
Property, plant and equipment	<i>Cost technique:</i> The valuation model considers market prices for depreciated replacement cost when appropriate. Depreciated replacement cost reflects functional and economic obsolescence.
Intangible assets	<i>Multi-period excess earnings method:</i> The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the technology and customer relationships, by excluding any cash flows related to contributory assets.

If the acquisition had occurred on January 1, 2022, management estimates that the Group's consolidated revenue would have been increased by \$15,083,979, and consolidated loss for the year would have been increased by \$64,938,749.

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33 Acquisition of ACT Group (continued)

D. Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	2022
	\$
Consideration transferred (note 33(A))	49,783,820
Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities of ACT Genomics	6,483,762
Fair value of identifiable net assets (note 33(C))	<u>(22,467,306)</u>
Goodwill (note 13)	<u><u>33,800,276</u></u>

The goodwill is attributable mainly to the skills and technical talent of ACT Group's work force and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

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34 Related parties

Apart from balances and transactions disclosed elsewhere in these consolidated financial statements, the Group has also entered into the following related party transactions under the normal course of the Group's business:

(a) Transactions with other related parties

	2022 \$	2021 \$	2020 \$
Sales to a shareholder	—	—	16,950
Purchase from a joint venture	—	53,981	21,119
Services provided by a company with control from a director of the Company	30,630	90,353	—
Legal and professional fee paid on behalf of related companies	—	9,060	—
	<u>—</u>	<u>9,060</u>	<u>—</u>

(b) Acquisition of a subsidiary

On July 1, 2021, Prenetics EMEA Limited, an indirectly wholly-owned subsidiary of the Company, entered into a share purchase agreement to acquire 100% equity interest of DNAFit Africa (Pty) Limited from its sole shareholder, who is a staff of Prenetics EMEA Limited, at a cash consideration of ZAR1,000 (approximately equivalent to \$65), resulting in a gain on bargain purchase of \$117,238.

Upon the completion of the acquisition, DNAFit Africa (Pty) Limited becomes a direct wholly-owned subsidiary of the Prenetics EMEA Limited.

(c) Key management personnel compensation

Key management personnel compensation comprised as following.

	2022 \$	2021 \$	2020 \$
Directors' fees	261,110	—	—
Salaries, wages and other benefits	24,549,012	2,281,701	2,206,494
Contributions to defined contribution retirement plan	17,538	15,643	4,615
Equity-settled share-based payment expenses (note)	30,284,686	21,500,167	913,111
	<u>55,112,346</u>	<u>23,797,511</u>	<u>3,124,220</u>

Note: The balances are non-cash transactions for the reporting period. Details of the recognition and the fair value determination are included in note 29.

35 Basis of measurement

The consolidation financial statements have been prepared on the historical cost basis except for financial assets measured at FVPL, which are measured on an alternative basis on each reporting date.

- preference share liabilities – conversion feature (see note 36(K)(ii));
- convertible securities (see note 36(J)(iv));
- financial assets at FVTPL (see note 36(J)); and
- warrant liabilities (see note 36(J)).

36 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

A Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

(iii) Non-controlling interests

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

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

36 Significant accounting policies (continued)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

B Foreign currency

(i) Foreign currency transactions

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and receivables are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Hong Kong dollars ("HKD") and British Pound ("GBP"). The currencies in which these transactions are primarily denominated are HKD, GBP, USD and RMB.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

36 Significant accounting policies (continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is measured based on the amount of consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognizes revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

The Group provides i) preventive services which are genetic testing services to individuals and corporates for their employees and customers; and ii) diagnostic services which are primarily COVID-19 testing for individuals, corporates for their employees or customers, and governments for community testing. Additionally, from November 2021, the Group has officially launched iii) Circle HealthPod, which is a rapid detection health monitoring device along with single-use capsules that offers rapid COVID-19 testing solutions for professional use and home use initially in Hong Kong.

The Group collects consideration for both types of services upfront, and such consideration received usually becomes non-refundable after 5 to 30 days from the date of delivery of the kits to the individuals or corporates, or the date of purchase. The upfront consideration received is initially recognized as deposit liabilities and subsequently reclassified to contract liabilities when the amount becomes non-refundable. Such amount does not include any variable consideration.

The Group determines that its sales contracts do not have a significant financing component when the upfront consideration becomes non-refundable as customers have discretion to decide when the tests are performed during the contract term.

36 Significant accounting policies (continued)

(i) Performance obligations

Generally, the Group fulfilled its performance obligations for preventive and diagnostic services at a point in time upon delivery of the testing results or reports to customers except for one category of the genetic testing kits under the preventive services which includes an additional distinct performance obligation being the subscription of free future updates to new features, reports and categories (collectively the “update services”).

The update services are considered distinct from the testing results or reports received by customers as those customers can benefit from the information provided in the testing results without the update services, the update services would not significantly modify the testing results, and there is not any significant interdependency between the testing results and the update services. Transfer of control for the testing results occurs when the testing results or reports are issued to customers and transfer of control for update services occurs over the expected service period which begins from the issuance of the testing results.

For genetic testing kits which contain the update services, the Group allocates revenue to the testing results and the update services on a relative standalone selling price basis. When estimating standalone prices, the Group considers all information that is reasonably available which includes market conditions, company-specific information about the customers, pricing strategies and practices, cost incurred to provide the service and industry pricing. The Group has estimated the standalone selling price of the update services based on the expected cost plus a margin and recognizes it over the expected service period of five years. The expected service period was estimated based on the Group’s internal statistics on customers and expectation as to the period over which customers would continue to log in online to review initial reports and updates.

For sales of Circle HealthPod and single-use capsule sets, generally the Group considers it satisfies the associated performance obligation at the point in time when those products have been accepted by customers as, unlike the testing kits, customers do not need to return samples to the Group for further processing. The Group offers customers an unconditional right of return of unopened Circle HealthPod for cash for a period of 30 days from the date of acceptance. Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Accordingly, the Group reduces the revenues by an estimate of expected returns, determined based on the historical data, and recognizes a refund liability and an asset representing the right to recover the returned products.

Circle HealthPod also comes with a warranty for customers that register within 30 days of purchase, under which the Group will repair or replace a defective product within one year of purchase free-of-charge. The Group accounts for the warranty as an assurance warranty and recognizes an estimate of the associated costs as a liability at the time when the revenue on sale of Circle HealthPod is recognized. The amounts of expected returns and warranty in relation to Circle HealthPod are assessed as insignificant during the periods presented.

36 Significant accounting policies (continued)

(ii) Revenue breakage

Provision of preventive and diagnostic services require individuals to provide specimen samples to the Group before it can proceed with the necessary laboratory procedures. Sales contracts relating to testing kits sold directly to individuals normally require specimen samples to be sent back to the Group within 3 or 6 months (the “sample return period”) from the date of purchase depending on the jurisdictions in which the kits are purchased by customers. If these customers do not return their specimen samples within the sample return period, the Group has no further obligation to provide the service. Sales contracts relating to kits sold to corporates normally do not include specified sample return periods.

For certain non-refundable sale contracts, the Group does not have sufficient and relevant historical experience to form a reasonable expectation about the amount of breakage revenue to which the Group is expected to be entitled. This would be the case for certain preventive testing kits sold to corporates such as insurance companies that would ultimately be passed on to its end users at the corporates’ discretion, where there is no stated sample return period and the Group has no visibility as to whether and when the kits are distributed to end users. This would also be the case for certain diagnostic testing kits sold to individuals with respect to COVID-19. For these sales contracts, revenue is recognized at the earlier point in time of i) the relevant services are rendered and the testing results are issued; or ii) when the likelihood of end users returning their specimen samples becomes remote.

Otherwise, the Group generally has sufficient and relevant historical experience for other sales contracts such that the Group expects to be entitled to a breakage amount in relation to non-refundable and unexercised rights. For these sales contracts, the Group estimates and recognizes the expected breakage amount as revenue in proportion to the pattern of rights exercised by customers on a portfolio basis to the extent that it is considered highly probable that a significant reversal will not occur in the future.

The Group updates its breakage estimate regularly and if necessary, adjusts the deferred revenue balance accordingly. If actual return patterns vary from the estimate, actual breakage revenue may differ from the amounts recorded. The Group recognized breakage revenue from unreturned kits of \$230,107, \$347,894 and \$3,325,906 for the years ended December 31, 2022, 2021 and 2020, respectively.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

36 Significant accounting policies (continued)

(iv) Government subsidies

Government subsidies are recognized in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

D Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payment arrangements

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The fair value of the restricted shares granted by the Company to employees of the Company is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured based on market value of the shares at grant date. The total estimated fair value of the shares is spread over the vesting period.

36 Significant accounting policies (continued)

(iii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

E Finance costs

The Group's finance costs include:

- interest expense;
- interest expenses on lease liabilities;
- imputed interest on deferred consideration; and
- changes in the carrying amount of preference shares liabilities.

Interest expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortized cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortized cost of the liability.

F Income tax

Income tax expense comprises current and deferred tax. It is are recognized in profit or loss.

(i) Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

36 Significant accounting policies (continued)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

G Inventories

Inventories representing consumables, reagent, kits materials and finished goods are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out allocation method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

H Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, including right-of-use assets (see note 36(M)), are measured at cost less accumulated depreciation and any accumulated impairment losses (see note 36(L)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

36 Significant accounting policies (continued)

(ii) Depreciation

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

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Properties leased for own use	Over the unexpired lease period
- Office equipment leased for own use	Over the unexpired lease period
- Leasehold improvements	Shorter period of the lease term or the useful life
- Fixtures and furniture	3 - 5 years
- Office and lab equipment	3 - 5 years
- Computer equipment	3 years
- Motor vehicles	3 - 5 years
- Manufacturing equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

I Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Other intangible assets

Other intangible assets, including website and mobile apps, trademark and technology and product development cost, and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

36 Significant accounting policies (continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

(iii) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives for current and comparative periods are as follows:

– Website and mobile apps	2 years
– Trademark and technology	10 - 20 years
– Products development cost	3 years
– Computer software	3 years
– Customer relationship	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 36(L)(ii)).

On disposal of a cash generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

J Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

36 Significant accounting policies (continued)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

36 Significant accounting policies (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

36 Significant accounting policies (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Liabilities for puttable financial instrument – Classification, subsequent measurement and gains and losses

Liabilities for puttable financial instrument are an obligation arising from put options written to non-controlling shareholders of subsidiaries, which will be settled based on the fair value of the shares held by the non-controlling shareholders, results in a gross financial liability. The gross financial liability is initially recognized and measured at amortize cost with the corresponding debit to the “other reserve”. In subsequent periods, the changes of fair value is recognized in ‘other reserve’.

Interest-bearing borrowings – Classification, subsequent measurement and gains and losses

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is expensed in the period in which it is incurred.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

36 Significant accounting policies (continued)

(iv) Derivative financial instruments

Derivative financial instruments are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Convertible securities are classified as an equity instrument when the following conditions are met:

- The securities include no contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and
- If the securities will or may be settled in the Group's own equity instruments, it is: (i) a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or (ii) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

In such case, at initial recognition, the securities are measured at transaction price and are credited to other reserve in the consolidated statement of changes in equity. Transaction costs that relate to the issue of securities are recognized as a deduction in equity.

If the securities are redeemed, the consideration paid is recognized directly in equity, and no gain or loss will be recognized in profit or loss.

Convertible securities issued by the Group contain embedded derivatives that should be separately accounted for but cannot be measured separately. At initial recognition, the convertible securities are measured at fair value. At the end of each reporting period, the fair value is remeasured and the gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

If the securities are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the fair value of the convertible securities is recognized in profit or loss. If the securities are redeemed, any difference between the amount paid and the fair value of the convertible securities is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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36 Significant accounting policies (continued)

K Share capital

(i) Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

(ii) Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognized as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognized as equity distributions on approval by the Company's shareholders.

(iii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

36 Significant accounting policies (continued)

L Impairment

(i) Non-derivative financial assets

Financial instruments

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for other financial instruments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

36 Significant accounting policies (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

36 Significant accounting policies (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

M Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

36 Significant accounting policies (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortized cost using the effective interest method.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

N Fair value measurement

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

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see note 4).

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

36 Significant accounting policies (continued)

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

O Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

37 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2022

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2022 and which have not been adopted in these financial statements.

	<i>Effective for accounting periods beginning on or after</i>
<i>IFRS 17 Insurance Contracts</i> and amendments to <i>IFRS 17 Insurance Contracts</i>	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	January 1, 2023
Amendments to IAS 8, <i>Definition of Accounting Estimates</i>	January 1, 2023
Amendments to IAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	January 1, 2023
Amendments to IFRS 16, <i>Lease Liabilities in a Sale and Leaseback</i>	January 1, 2024
Amendments to IAS 1, <i>Non-current Liabilities with Covenants</i>	January 1, 2024
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>	January 1, 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

DESCRIPTION OF THE REGISTRANT’S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2022, Prenetics Global Limited (the “Company”, “we”, “us” and “our”) had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A ordinary shares, par value \$0.0001 per share	PRE	The Nasdaq Stock Market LLC
Warrants	PRENW	The Nasdaq Stock Market LLC

Description of Ordinary Shares

The following is a summary of material provisions of our amended and restated memorandum and articles of association (the “Memorandum and Articles of Association”), as well as the Companies Act (As Revised) of the Cayman Islands (the “Companies Act”) insofar as they relate to the material terms of our Ordinary Shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as an exhibit to our Shell Company Report on Form 20-F (File No. 001-41401) on May 27, 2022.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Our authorized share capital is \$50,000 divided into 500,000,000 shares of \$0.0001 par value each, of which (i) 400,000,000 are designated as Class A Ordinary Shares, (ii) 50,000,000 are designated as convertible Class B Ordinary Shares and (iii) 50,000,000 are designated as shares of such class or classes (however designated) as the board of directors may determine in accordance with Article 10 of the Memorandum and Articles of Association. All ordinary shares issued and outstanding as of the date of this annual report are fully paid and non-assessable. The number of Class A Ordinary Shares and Class B Ordinary Shares that have been issued as of the last day of the financial year ended December 31, 2022 is provided on the cover of the annual report on Form 20-F filed for the fiscal year ended December 31, 2022 (the “2022 Form 20-F”). We maintain a register of its shareholders and a shareholder will only be entitled to a share certificate if our board of directors determines that share certificates be issued.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

We have a dual-class voting structure such that our Ordinary Shares consist of Class A Ordinary Shares and Class B Ordinary Shares. In respect of all matters upon which holders of Ordinary Shares are entitled to vote, each Class A Ordinary Share are entitled to one (1) vote and each Class B Ordinary Share are entitled to twenty (20) votes. Holders of Class A Ordinary Shares and Class B Ordinary Shares generally have the same rights and powers except for voting and conversion rights.

Danny Yeung controls the voting power of all of the outstanding Class B Ordinary Shares. Although Mr. Yeung controls the voting power of all of the outstanding Class B Ordinary Shares, his control over those shares is not permanent and is subject to reduction or elimination at any time or after certain periods as a result of a variety of factors. As further described below, upon any transfer of Class B Ordinary Shares by a holder thereof to any person which is not a Permitted Transferee of such holder, those shares will automatically and immediately convert into Class A Ordinary Shares. In addition, all Class B Ordinary Shares will automatically convert to Class A Ordinary Shares in other events described below. See “— Rights of Class A Ordinary Shares Conversion.”

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Classes of Ordinary Shares

Our Ordinary Shares are divided into Class A Ordinary Shares and Class B Ordinary Shares (and a further class of authorized but undesignated shares). Except for conversion rights and voting rights, the Class A Ordinary Shares and Class B Ordinary Shares shall generally carry equal rights and rank *pari passu* with one another.

Conversion

Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share (as adjusted for share splits, share combinations and similar transactions occurring after the Acquisition Effective Time) at any time at the option of the holder thereof. Class A Ordinary Shares are not convertible into Class B Ordinary Shares under any circumstances.

Any number of Class B Ordinary Shares held by a holder thereof will automatically and immediately be converted into an equal number of Class A Ordinary Shares (as adjusted for share splits, share combinations and similar transactions occurring after the Acquisition Effective Time) upon the occurrence of any of the following:

- Any direct or indirect sale, transfer, assignment, or disposition of such number of Class B Ordinary Shares by the holder thereof or the direct or indirect transfer or assignment of the voting power attached to such number of Class B Ordinary Shares through voting proxy or otherwise to any person that is not a Permitted Transferee of such holder;
- The direct or indirect sale, transfer, assignment, or disposition of a majority of the issued and outstanding voting securities of, or the direct or indirect transfer or assignment of the voting power attached to such voting securities through voting proxy or otherwise, or the direct or indirect sale, transfer, assignment, or disposition of all or substantially all of the assets of, a holder of Class B Ordinary Shares that is an entity to any person that is not a Permitted Transferee of the such holder; or
- A person becoming a holder of Class B Ordinary Shares by will or intestacy.

All Class B Ordinary Shares issued and outstanding will be automatically and immediately converted into an equal number of Class A Ordinary Shares upon the occurrence of any of the following:

- On Danny Yeung's death or incapacity;
- On the date on which Danny Yeung is terminated for cause (as defined in the employment agreement with Danny Yeung (and in the event of a dispute regarding whether there was cause, cause will be deemed not to exist unless and until an affirmative ruling regarding such cause has been made by a court or arbitral panel of competent jurisdiction, and such ruling has become final and non-appealable)); or
- On the first date that both of the following conditions are satisfied: (I) Danny Yeung and his Affiliates and Permitted Transferees together own less than thirty three per cent (33%) of the number of Class B Ordinary Shares (which for these purposes shall be deemed to include all Class B Ordinary Shares issuable upon exercise of all outstanding restricted share units to acquire Class B Ordinary Shares that are held by Danny Yeung immediately following the Acquisition Effective Time) that Danny Yeung and his Affiliates and Permitted Transferees owned immediately following the Acquisition Effective Time, as adjusted for share splits, share combinations and similar transactions occurring after the Acquisition Effective Time; and (II) Danny Yeung ceases to be our Director or officer.

No Class B Ordinary Shares shall be issued by us after conversion of all Class B Ordinary Shares into Class A Ordinary Shares.

Dividends

The holders of Ordinary Shares are entitled to such dividends as the board of directors may in its discretion lawfully declare from time to time, or as shareholders may declare by ordinary resolution (provided that no dividend shall exceed the amount recommended by the board of directors).

Class A Ordinary Shares and Class B Ordinary Shares rank equally as to dividends and other distributions. Dividends may be paid either in cash or in specie, provided, that no dividend can be made in specie on any Class A Ordinary Shares unless a dividend in specie in equal proportion is made on Class B Ordinary Shares.

Voting Rights

Holders of Ordinary Shares have the right to receive notice of, attend, speak and vote at general meetings of the shareholders. In respect of all matters upon which holders of Ordinary Shares are entitled to vote, each Class A Ordinary Share are entitled to one (1) vote and each Class B Ordinary Share are entitled to twenty (20) votes. At any meeting of shareholders a resolution put to the vote of the meeting shall be decided by way of a poll and not by way of a show of hands. A poll shall be taken in such manner and at such place as the chairperson of the meeting may direct (including the use of a ballot or voting papers, or tickets) and the result of a poll shall be deemed to be the resolution of the meeting.

Class A Ordinary Shares and Class B Ordinary Shares vote together on all matters, except that we will not, without the approval of holders of a majority of the voting power of the Class B Ordinary Shares, voting exclusively and as a separate class:

- increase the number of authorized Class B Ordinary Shares;
- issue any Class B Ordinary Shares or securities convertible into or exchangeable for Class B Ordinary Shares, other than to any Key Executive or his or her affiliates, or on a pro rata basis to all holders of Class B Ordinary Shares permitted to hold such shares under the Memorandum and Articles of Association;
- create, authorize, issue, or reclassify into, any preference shares in our capital or any shares in our capital that carry more than one (1) vote per share;
- reclassify any Class B Ordinary Shares into any other class of shares or consolidate or combine any Class B Ordinary Shares without proportionately increasing the number of votes per Class B Ordinary Share; or
- amend, restate, waive, adopt any provision inconsistent with or otherwise vary or alter any provision of the Memorandum and Articles of Association relating to the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Class B Ordinary Shares;

An ordinary resolution to be passed by the shareholders requires a simple majority of votes cast at a meeting of shareholders, while a special resolution requires not less than two-thirds of votes cast at a meeting of shareholders.

Transfer of Ordinary Shares

Subject to applicable laws, including securities laws, and the restrictions contained in the Memorandum and Articles of Association, any shareholders may transfer all or any of their Class A Ordinary Shares by an instrument of transfer in the usual or common form, in a form prescribed by NASDAQ or any other form approved by our board of directors.

Class B Ordinary Shares may be transferred only to a Permitted Transferee of the holder and any Class B Ordinary Shares transferred otherwise will be converted into Class A Ordinary Shares as described above. See “— Conversion.”

A “Permitted Transferee” with respect to the Class B Ordinary Shareholders, means any or all of the following:

- (a) Danny Yeung and his Permitted Entities and Permitted Transferees of each of them (each a “Key Executive”);
- (b) any Key Executive’s Permitted Entities;

- (c) the transferee or other recipient in any transfer of any Class B Ordinary Shares by any Class B Ordinary Shareholder: (i) to (A) his or her Family Members; (B) any other relative or individual approved by our board of directors; or (C) any trust or estate planning entity (including partnerships, limited companies, and limited liability companies), that is primarily for the benefit of, or the ownership interests of which are Controlled by, such Class B Ordinary Shareholder, his or her Family Members, and/or other trusts or estate planning entities described in this paragraph (c), or any entity Controlled by such Key Executive or a trust or estate planning entity; or (ii) occurring by operation of law, including in connection with divorce proceedings;
- (d) any charitable organization, foundation, or similar entity;
- (e) our Company or any of its subsidiaries; or
- (f) in connection with a transfer as a result of, or in connection with, the death or incapacity of a Key Executive: any Key Executive's Family Members, another Class B Ordinary Shareholder, or a designee approved by majority of all our directors, provided that in case of any transfer of Class B Ordinary Shares pursuant to clauses (b) through (e) above to a person who at any later time ceases to be a Permitted Transferee under the relevant clause, we shall be entitled to refuse registration of any subsequent transfer of such Class B Ordinary Shares except back to the transferor of such Class B Ordinary Shares pursuant to clauses (b) through (e) (or to a Key Executive or his or her Permitted Transferees) and in the absence of such transfer back to the transferor (or to a Key Executive or his or her Permitted Transferees), the applicable Class B Ordinary Shares shall be subject to mandatory conversion as set out above.
A "Permitted Entity" with respect to any Key Executive means:
 - (a) any person in respect of which such Key Executive has, directly or indirectly: (i) control with respect to the voting of all the Class B Ordinary Shares held by or to be transferred to such person; (ii) the ability to direct or cause the direction of the management and policies of such person or any other person having the authority referred to in the preceding clause (a)(i) (whether by contract, as executor, trustee, trust protector or otherwise); or (iii) the operational or practical control of such person, including through the right to appoint, designate, remove or replace the person having the authority referred to in the preceding clauses (a)(i) or (ii);
 - (b) any trust the beneficiaries of which consist primarily of a Key Executive, his or her Family Members, and/or any persons Controlled directly or indirectly Controlled by such a trust; and
 - (c) any person Controlled by a trust described in the immediately preceding clause (b).

"Family Member" means the following individuals: the applicable individual, the spouse of the applicable individual (including former spouses), the parents of the applicable individual, the lineal descendants of the applicable individual, the siblings of the applicable individual, and the lineal descendants of a sibling of the applicable individual. For purposes of the preceding sentence, the descendants of any individual shall include adopted individuals and their issue but only if the adopted individual was adopted prior to attaining age 18.

"Controlled" means directly or indirectly: (i) the ownership or control of a majority of the outstanding voting securities of such person; (ii) the right to control the exercise of a majority of the votes at a meeting of the board of directors (or equivalent governing body) of such person; or (iii) the ability to direct or cause the direction of the management and policies of such person (whether by contract, through other legally enforceable rights or howsoever arising).

Our board of directors may decline to register any transfer of any share in the event that any of the following is known by the directors not to be both applicable and true with respect to such transfer:

- the instrument of transfer is lodged with us, or our designated transfer agent or share registrar, accompanied by the certificate for the shares to which it relates (if any) and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;

- the transferred shares are fully paid up and free of any lien in favor of us (it being understood and agreed that all other liens, e.g., pursuant to a bona fide loan or indebtedness transaction, shall be permitted); or
- a fee of such maximum sum as NASDAQ may determine to be payable, or such lesser sum as our board of directors may from time to time require, is paid to us in respect thereof.

If our board of directors refuses to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal stating the facts which are considered to justify the refusal to register the transfer.

Liquidation

Our Class A Ordinary Shares and Class B Ordinary Shares will rank equally upon the occurrence of any liquidation, dissolution or winding up, in the event of which our assets will be distributed to, or the losses will be borne by, shareholders in proportion to the par value of the shares held by them.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their Ordinary Shares. The Ordinary Shares that have been called upon and remain unpaid are, after a notice period, subject to forfeiture.

Redemption of Ordinary Shares

Subject to the provisions of the Cayman Islands Companies Act, we may issue shares that are to be redeemed or are liable to be redeemed at the option of the shareholder or us. The redemption of such shares will be effected in such manner and upon such other terms as we may, by either resolution of our board of directors or special resolution of shareholders, determine before the issue of the shares.

Requirements to Change the Rights of Holders of Class A Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares

Subject to certain provisions of the Memorandum and Articles of Association governing the Class B Ordinary Shares, if at any time our share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied without the consent of the holders of the issued shares of that class where such variation is considered by the directors not to have a material adverse effect upon such rights. Otherwise, any such variation will be made only with the consent in writing of the holders of not less than two-thirds of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than two-thirds of the votes cast at a separate meeting of the holders of the shares of that class.

Limitations on the Rights to Own Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign shareholders to hold or exercise voting rights on our Class A Ordinary Shares.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under Cayman Islands law applicable to the Company, or under the Memorandum and Articles of Association, that require the Company to disclose shareholder ownership above any particular ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90.0%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by three-fourths in value of each class of shareholders that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;

- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders’ Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association provide that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person’s dishonesty, willful default or fraud, in or about the conduct of our company’s business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third-party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our amended and restated memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our amended and restated memorandum and articles of association allow any one or more of our shareholders who together hold shares which carry in aggregate not less than one-third of the total number of votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our amended and restated memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our amended and restated memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares.

Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our amended and restated memorandum and articles of association, if our share capital is divided into more than one class of shares, the rights attached to any such class may, only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation’s governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

Changes in Capital (Item 10.B.10 of Form 20-F)

We may from time to time by ordinary resolution, subject to the rights of holders of Class B Ordinary Shares:

- increase its share capital by such sum, to be divided into shares of such amount, as the resolution will prescribe;
- consolidate and divide all or any of its share capital into shares of a larger amount than existing shares;
- sub-divide its existing shares or any of them into shares of a smaller amount; provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share will be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to the rights of Class B Ordinary Shares, We may by special resolution reduce its share capital or any capital redemption reserve fund in any manner permitted by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants (Item 12.B of Form 20-F)

The number of warrants that were outstanding as of December 31, 2022 is provided on the cover of our 2022 Form 20-F. Our warrants are issued in registered (book-entry) form under the warrant agreement, dated May 13, 2021, by and between Artisan Acquisition Corp. (“Artisan”) and Continental Stock Transfer & Trust Company (“Continental”), as warrant agent, as amended by the Assignment, Assumption and Amendment Agreement, dated September 15, 2021, by and among Artisan, the Company and Continental (the warrant agreement, as amended, the “Warrant Agreement”).

In connection with and upon the consummation of the Business Combination, each Artisan Warrant outstanding immediately prior to the Business Combination was assumed by the Company and converted into a Warrant entitling the holder thereof to purchase such number of Class A Ordinary Share equal to the Class A Exchange Ratio upon exercise. Each Warrant continues to have and be subject to substantially the same terms and conditions as were applicable to such Artisan Warrant immediately prior to the consummation of the Business Combination (including any repurchase rights and cashless exercise provisions).

The following summary of certain provisions relating to our warrants does not purport to be complete and is subject to, and is qualified in its entirety by reference to the Warrant Agreement.

General

Each warrant entitles its holder to purchase one Class A Ordinary Share at an exercise price of \$11.50 per share, subject to certain adjustments (the “Exercise Price”). Our warrants became exercisable on June 17, 2022. The warrants will expire at the earliest to occur of (i) 5:00 p.m., New York City time on May 18, 2027 and (ii) 5:00 p.m., New York City time on the redemption date, if any, that we may fix in accordance with the Warrant Agreement, except that in the case of any private warrants held by the Sponsor or any of its Permitted Transferees, they will expire at 5:00 p.m., New York City time on May 18, 2027 (the expiration dates of the warrants, the “Expiration Date”). We may in our sole discretion extend the duration of the warrants so long as we provide at least twenty (20) days’ prior written notice to all registered holders. Any such extension must be identical among all of the warrants. Any warrant not exercised prior to its expiration will become void.

Exercise of Warrants

A warrant may be exercised by delivering to the warrant agent (i) the warrant, (ii) an election to purchase form, and (iii) the payment in full of the Exercise Price and any and all applicable taxes due in connection with the exercise.

As soon as practicable after the exercise of any warrant we will issue a book-entry position or certificate, as applicable, for the Class A Ordinary Shares. All Class A Ordinary Shares issued upon the proper exercise of a warrant in conformity with the Warrant Agreement will be validly issued, fully paid and non-assessable.

A warrant holder may notify us in writing of the holder's election to be subject to a provision of the Warrant Agreement preventing the holder from exercising a warrant, to the extent that, after giving effect to such exercise, the holder (together with its affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) (the "Maximum Percentage") of our outstanding Class A Ordinary Shares immediately after giving effect to such exercise. By written notice to us, a warrant holder may increase or decrease the Maximum Percentage to any other percentage specified in such notice; provided, however, that any such increase will not be effective until the sixty-first (61st) day after such notice is delivered to us.

Notwithstanding the above, we are not obligated to deliver any Class A Ordinary Shares pursuant to the exercise of a warrant and do not have the obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the Class A Ordinary Shares underlying the warrants is then effective and a prospectus relating thereto is current, subject to our satisfaction of obligations with respect to registration under the Warrant Agreement, or a valid exemption from registration is available. No warrant will be exercisable and we will not be obligated to issue a Class A Ordinary Share upon exercise of a warrant unless the Class A Ordinary Share issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

Adjustments

We may, in our sole discretion, lower the Exercise Price at any time prior to the Expiration Date for a period of not less than fifteen business days, unless otherwise required by applicable laws, stock exchange rules or the U.S. Securities and Exchange Commission (the "SEC"), provided that we provide at least five days' prior written notice to the holders and any such reduction shall be identical among all of the warrants.

The number of Class A Ordinary Shares issuable upon the exercise of the warrants is subject to customary adjustments in certain circumstances, such as a capitalization or share dividend of Ordinary Shares, or by a sub-division of Ordinary Shares or other similar event, as described in the Warrant Agreement. In the event the number of Class A Ordinary Shares purchasable upon the exercise of the warrants is adjusted, the Exercise Price will be adjusted (to the nearest cent) by multiplying the Exercise Price immediately prior to such adjustment, by a fraction (x) the numerator of which shall be the number of Ordinary Shares purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which shall be the number of Ordinary Shares so purchasable immediately thereafter.

If, by reason of any adjustment made pursuant to the events described above, the holder of any warrant would be entitled, upon the exercise of such warrant, to receive a fractional interest in a share, we will, upon such exercise, round down to the nearest whole number the number of Ordinary Shares to be issued to such holder.

Warrant holders also have replacement rights in the case of certain reclassification, reorganization, merger, consolidation or sale transactions involving our company or substantially all of our assets (each a "Replacement Event"). Upon the occurrence of any Replacement Event, warrant holders will have the right to purchase and receive (in lieu of our Class A Ordinary Shares) the kind and amount of stock or other securities or property (including cash) receivable upon such Replacement Event that the holder would have received if the warrants were exercised immediately prior to such event.

Upon any adjustment of the Exercise Price or the number of shares issuable upon exercise of a warrant, we will provide written notice of such adjustment to the warrant agent stating the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of Class A Ordinary Shares purchasable at such price upon the exercise of a warrant. We will also provide written notice of any adjustment described above to each warrant holder at the last address set forth in the warrant register, of the record date or the effective date of the event.

We agreed to use commercially reasonable efforts to file with the SEC as soon as practicable a registration statement for the registration, under the Securities Act, of the Class A Ordinary Shares issuable upon exercise of the warrants. We are obligated to use commercially reasonable efforts to cause the registration statement to become effective and to maintain its effectiveness, and a current prospectus relating thereto, until the expiration or redemption of the warrants. Warrant holders have the right, during any period that we may fail to, as agreed, maintain an effective registration statement covering the Class A Ordinary Shares issuable upon exercise of the warrants, to exercise such warrants on a “cashless basis.” In a cashless exercise, holders may exchange their warrants for a number of Class A Ordinary Shares equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of Class A Ordinary Shares underlying the warrants, multiplied by the excess of the Fair Market Value (as defined hereinafter) less the Exercise Price by (y) the Fair Market Value and (B) 0.361 per warrant. “Fair Market Value” in this paragraph means the volume weighted average price of the Class A Ordinary Shares as reported during the ten trading days ending on the trading day prior to the date that notice of exercise is received by the warrant agent.

If, by reason of any exercise of warrants on a “cashless basis”, the holder of any warrant would be entitled, upon the exercise of such warrant, to receive a fractional interest in a Class A Ordinary Share, we will round down to the nearest whole number, the number of Class A Ordinary Shares to be issued to such holder.

Redemption

We have the right to redeem all the warrants (but not less than all the warrants), at any time while they are exercisable and prior to their expiration, at the office of the warrant agent, upon notice to the registered holders of the warrants, at the price of \$0.01 per warrant (the “Redemption Price”), if (i) the last reported sale price of our Class A Ordinary Shares has been at least \$18.00 per share (subject to certain adjustments), for any twenty (20) trading days within the thirty (30) trading-day period ending on the third trading day prior to the date on which notice of the redemption is given and (ii) there is an effective registration statement covering issuance of the Class A Ordinary Shares issuable upon exercise of the warrants, and a current prospectus relating thereto, available throughout the 30 days prior to the redemption date.

In the event we choose to redeem all outstanding warrants, we are required to (i) fix a date for the redemption and (ii) provide notice to the registered holders of the warrants at least 30 days prior to the redemption date. We will mail any such notice of redemption by first class mail, postage prepaid, not less than 30 days prior to the redemption date to registered warrant holders. The notice will be sent to each registered holder’s last address as it appears on the registration books. Any notice so mailed will be conclusively presumed to have been duly given, whether or not the registered holder actually receives such notice.

If there is no effective registration statement and current prospectus available, we may nonetheless redeem the warrants on a “cashless basis,” provided that (i) the last reported sale price of our Class A Ordinary Shares has been at least \$10.00 per share (subject to certain adjustments) the last reported sales price of the Class A Ordinary Shares for any twenty (20) trading days within the thirty (30) trading-day period ending on the third trading day prior to the date on which notice of the redemption is given; and (ii) the holders are able to exercise their warrants on a cashless basis prior to redemption and receive that number of Class A Ordinary Shares determined based on the date of redemption and the volume weighted average price of the Class A Ordinary Shares during the ten trading days immediately following the date on which the notice of redemption is sent to holders of the warrants.

On and after the redemption date, the record holder of the warrants will have no further rights except to receive, upon surrender of the warrants, the Redemption Price.

The redemption rights above do not apply to the private warrants unless and until they are transferred to persons other than the Sponsor and its Permitted Transferees.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

Not applicable.

Certain identified information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential. Such excluded information has been marked with “[****]”

EXECUTION COPY

PRENETICS GLOBAL LIMITED

THE PERSONS LISTED IN SCHEDULE 1

AND

ACT GENOMICS HOLDINGS COMPANY LIMITED

AGREEMENT FOR SALE AND PURCHASE OF THE
ISSUED SHARES IN ACT GENOMICS HOLDINGS
COMPANY LIMITED

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BETWEEN:

- (1) **PRENETICS GLOBAL LIMITED**, a company incorporated under the laws of the Cayman Islands, trading on NASDAQ with ticker PRE, having its principal executive office at 7/F, K11 Atelier King's Road, 728 Kings Road, Hong Kong (the "**Buyer**");
- (2) **THE PERSONS** whose names and addresses are set out in column (A) of Schedule 1 (the "**Sellers**" and each a "**Seller**"); and
- (3) **ACT GENOMICS HOLDINGS COMPANY LIMITED**, a company incorporated under the laws of the Cayman Islands (registered number: 336039), having its registered office at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands (the "**Company**").

THE PARTIES AGREE as follows:

1. **INTERPRETATION**

1.1 In this Agreement:

"**Accounts**" means the consolidated audited accounts of the Company, consolidating the financial position of all of the Group Companies, including the profit and loss statement, balance sheet, cashflow statement, the auditors' reports on those accounts, the directors' reports and the notes to those accounts, for the financial years ended on or as of 31 December 2020 and the Last Accounting Date, each prepared in accordance with the IFRS;

"**Accounts Relief**" means a Relief which has been shown or treated as an asset in the Accounts or Management Accounts, or which has been taken into account in computing a provision for Tax which appears in the Accounts or Management Accounts (or which has resulted in no such provision for Tax being made);

"**ACT Disclosure Letter**" means the letter from the Warrantors to the Buyer in relation to the ACT Warranties having the same date as this Agreement;

"**ACT HK**" means ACT Genomics (Hong Kong) Limited 行動基因(香港)股份有限公司, a limited liability company incorporated in Hong Kong with its registered office at Unit 803, 8/F, Building 15W, 15 Science Park West Avenue, Pak Shek Kok, N.T., Hong Kong;

"**ACTHK HKSTP Consent**" has the meaning given in clause 13.2.2;

"**ACTHK-HKSTP Funding Agreement**" means the funding agreement entered into between ACTHK and Hong Kong Science and Technology Parks Corporation on 18 October 2019 (as supplemented by the first supplemental funding agreement dated 4 May 2021);

"**ACT Japan**" means ACT Genomics Japan Co., Ltd. アクトゲノミクス株式会社, a kabushiki gaisha incorporated in Japan with its registered office at TTD Building, No. 18, Sanada Ichome, Minato-ku, Tokyo (東京都港区三田一丁目2番 18号TTDビル);

“**ACT Singapore**” means ACT Genomics (Singapore) Pte. Ltd., a limited liability company incorporated in Singapore with its registered office at 1 Phillip Street, #09-00, Royal One Phillip, Singapore 048692;

“**ACT Taiwan**” means ACT Genomics Co., Ltd. 行動基因生技股份有限公司, a company limited by shares incorporated under the laws of the R.O.C. with its registered address at 3F., No. 345, Xinhu 2nd. Rd., Neihu Dist., Taipei City 11494, Taiwan (R.O.C.);

“**ACT Warranty**” means a statement contained in Part B of Schedule 4;

“**ACT Warranty Claim**” means any claim made by the Buyer for breach of an ACT Warranty;

“**Actual Tax Liability**” means a liability of a Group Company to make a payment (or an increased payment) of, or in respect or on account of, Tax whether or not the Tax is chargeable directly or indirectly to the Group Company or against or attributable to another person;

“**Affiliate**” means:

- (a) in respect of a person who is a natural person, his or her Immediate Family Members or any other person directly or indirectly Controlled by such natural person or his or her Immediate Family Members; and
- (b) in respect of a person who is not a natural person, any other person which, directly or indirectly, Controls, is Controlled by or is under the common Control of the first mentioned person;

“**Amended Articles**” means the Memorandum and Articles of Association in the agreed form to be adopted by the Company at Completion;

“**Amended Shareholders’ Agreement**” means the amendment deed to amend the Shareholders’ Agreement in the agreed form to be entered into by the Buyer, the Company and the Shareholders at Completion;

“**Applicable Laws**” means, with respect to a person, any laws, regulations, rules, measures, guidelines, treaties, judgments, determination, orders or notices of any Government Authority or stock exchange that is applicable to such person;

“**AstraZeneca Consent**” has the meaning given in clause 13.2.3;

“**AstraZeneca MSA**” means the master services agreement entered into between ACT Taiwan and AstraZeneca Taiwan Limited on 1 April 2021;

“**Blue Sky Laws**” means the state securities or “blue sky” laws;

“Business Day” means any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong, the Cayman Islands, Taiwan and the United States are open for the transaction of normal business;

“Business IP” means all Intellectual Property legally or beneficially owned by any Group Company, including all Registered Owned IP;

“Business IT” means all Information Technology which is owned or used by the Group Companies in conducting the business of the Group;

“Buyer Group” means the Buyer and its subsidiaries from time to time;

“Buyer Material Adverse Effect” means any breach of Applicable Laws, any non-renewal of material licences or permits of the Buyer Group, any material change in business of the Buyer Group, and any action taken or omitted to be taken outside of the ordinary course of business of the Buyer Group which result or would reasonably be expected to result in a material adverse effect on the financial results of the Buyer Group, taken as a whole, but excluding any events to the extent arising from:

(A) any change in financial markets, interest rates, exchange rates, commodity prices or other general economic, business or political or geopolitical conditions;

(B) any change in the trading price of the Prenetics Shares or other financial market fluctuations or conditions;

(C) any natural disaster, including any hurricane, flood, tornado, earthquake or other natural disaster;

(D) any changes in the Applicable Law or applicable accounting standards and principles, including the IFRS, or the enforcement or interpretation in respect of any of the foregoing;

(E) any act of civil unrest, war, sabotage, cyberattack, terrorism or military action, or any outbreak or escalation of hostilities involving the United States or another sovereign political power, the declaration by the United States, the Taiwan Government Authority or another sovereign political power of a national emergency or war or the occurrence of any other calamity or crisis, including the war in Ukraine, Taiwan Strait, or the escalation or worsening of any of the foregoing;

(F) any epidemics or pandemics or other public health crisis (including the COVID-19 pandemic), including any worsening, deterioration or improvement of any of the foregoing;

(G) changes in conditions generally affecting the industry in which the Buyer Group operates; or

(H) any action or omission by the Buyer Group as required under Applicable Law, except in the case of items (A) to (H) above, to the extent that such change or event does not materially and disproportionately affect the Buyer Group taken as a whole when compared with other businesses operating in the same industry;

“**Buyer’s Pro Rata Share**” has the meaning given in Schedule 9;

“**Buyer’s Relief**” means:

- (a) any Accounts Relief;
- (b) any Relief arising to any Group Company in respect of any acts, omissions, events or circumstances occurring or in any period falling after Completion; and
- (c) any Relief arising to the Buyer or any Affiliate of the Buyer (other than any Group Company);

“**Buyer SEC Documents**” has the meaning given in paragraph 3.1 of Schedule 5;

“**Buyer Warranty**” means a statement contained in Schedule 5;

“**Canon Medical**” means Canon Medical Systems Corporation, a corporation incorporated in Japan with its principal office at 1385 Shimoishigami, Otawara-shi, Tochigi, Japan;

“**Canon MoU**” has the meaning given in clause 13.1.2;

“**Cash Incentive Payee**” means any Seller who receives any Cash Incentive Payment;

“**Cash Incentive Payment**” has the meaning given in clause 3.3;

“**CERBACT Consent**” has the meaning given in clause 13.1.1;

“**CERBACT JV Agreement**” means the joint venture shareholders’ agreement entered into between ACT Singapore, CERBA Research NV and CERBACT JVCo on 11 August 2021 in relation to the establishment of CERBACT JVCo in Singapore;

“**CERBACT JVCo**” means CERBACT Asia Holdings Pte. Ltd., a company incorporated with limited liability in Singapore, with its registered office located at 380 Jalan Besar, #06-06, ARC 380, Singapore 209000;

“**CERBACT Waiver**” has the meaning given in clause 13.2.5;

“**Completion**” means completion of the sale and purchase of all of the Sale Shares and the subscription for the Convertible Bond, in each case in accordance with this Agreement;

“**Completion Date**” has the meaning given in clause 6.1;

“**Condition**” means a condition set out in clause 5.1;

“**Confidential Information**” means all information which relates to the business and affairs of any Group Company or any party and the Transaction Information, but does not include information:

- (a) to the extent that it is generally known to the public not as a result of any breach of duty of confidentiality;

- (b) (other than in respect of the Transaction Information) that was lawfully in the possession of the receiving party prior to its disclosure by the disclosing party; or
- (c) (other than in respect of the Transaction Information) that is or becomes available to the receiving party other than as a result of a disclosure by a person which the receiving party knows is in breach of a duty of confidentiality owed to the disclosing party;

“**Consideration Shares**” has the meaning given in clause 3.2.1;

“**Consideration Shares Seller**” means any Seller who receives Consideration Shares at Completion under this Agreement;

“**Control**” means the ownership, directly or indirectly, of more than 50 per cent. (50%) of the voting shares, registered capital or other equity interest of the relevant person or the possession, directly or indirectly, of the power to direct the shareholders’ general meeting, to appoint or elect a majority of the directors, or otherwise to direct the management of the relevant person;

“**Convertible Bond**” means the convertible bond in the principal amount of US\$10,000,000 to be issued by the Company at Completion in accordance with this Agreement, which shall be convertible into Investor Ordinary Shares of the Company, the terms of which are as set out in Schedule 8;

“**CP Defaulting Party**” has the meaning given in clause 5.6;

“**CP Non-defaulting Party**” has the meaning given in clause 5.6;

“**Cure Period**” has the meaning given in clause 5.6;

“**Deemed Tax Liability**” means the loss, unavailability, or reduction in the amount of an Accounts Relief or the use or set off of any Buyer’s Relief in circumstances where, but for such use or set off, any Group Company would have had an Actual Tax Liability in respect of which the Buyer would have been able to make a claim against any Seller under paragraph 2.1 of Schedule 9;

“**Defaulting Party**” has the meaning given in clause 6.7;

“**Designated Bank Account**” means the bank account set out opposite the name of each Seller in column (F) of Schedule 1;

“**Disclosed**” has the meaning given in clause 7.6;

“**Disclosure Letter**” means each of the ACT Disclosure Letter and the MCD Disclosure Letter, and together the “**Disclosure Letters**”;

“**Dispose**” means, in respect of any Consideration Shares Seller, directly or indirectly:

- (a) transfer, hypothecate, pledge, encumber, grant any option to purchase, dispose of or otherwise deal with any of the Locked-up Securities;

(b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Locked-up Securities, whether any such transaction described in paragraph (a) or (b) above is to be settled by delivery of Locked-up Securities or such other securities, in cash or otherwise; or

(c) publicly announce an intention to effect any such transaction described in paragraph (a) or (b) above,

and “**Disposal**” shall be construed accordingly;

“**Dispute**” has the meaning given in clause 22.1;

“**Encumbrance**” means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, assignment, deed of trust, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect;

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Existing Shareholder Ordinary Shares**” means the ‘existing shareholder ordinary shares’ of par value US\$0.0001 each in the capital of the Company;

“**Financial Investor Sellers**” means the Sellers identified as “Financial Investor Seller” in column (G) of Schedule 1;

“**Fundamental Warranty**” means a statement contained in Part A of Schedule 4;

“**Fundamental Warranty Claim**” means any claim made by the Buyer for breach of any Fundamental Warranty;

“**Government Authority**” means any national, provincial, municipal or local government, administrative or regulatory body or department, court, tribunal, arbitrator or any body that exercises the function of a regulator;

“**Government Official**” means:

- (a) an employee, officer or representative of, or any person otherwise acting in an official capacity for or on behalf of, a Government Authority;
- (b) a person holding any legislative, administrative or judicial position of any kind, regardless of whether elected or appointed;
- (c) an officer of, or an individual who holds a position in, a political party;
- (d) a candidate for political office;
- (e) an individual who holds any other official, ceremonial or other appointed or inherited position with a government or any of its agencies; or

(f) an individual who exercises a public function for or on behalf of a country or territory or for any public agency or public enterprise of that country or territory;

“**Group Company**” means the Company or any of its Subsidiaries, and “**Group**” and “**member of the Group**” shall be construed accordingly, save that for the purposes of the ACT Warranties, any reference to “Group Companies” or “Group Company” shall not include MCD;

“**Group Company Material Adverse Effect**” means any change, fact, circumstance, event, condition, development, effect or occurrence that, individually or in the aggregate with all other changes, facts, circumstances, events, conditions, developments, effects or occurrences has had or would reasonably be expected to (i) have a material adverse effect on the condition (financing, trading or otherwise), assets, liabilities, revenue, profits, prospects, operations, results or business of the Group, taken as a whole; or (ii) prevent or materially impair the ability of the Buyer to consummate the transactions contemplated under this Agreement, but excluding any results, occurrences, facts, changes, conditions, circumstances, events or effects to the extent arising from:

(A) any change in financial markets, interest rates, exchange rates, commodity prices or other general economic, business or political or geopolitical conditions;

(B) financial market fluctuations or conditions;

(C) any natural disaster, including any hurricane, flood, tornado, earthquake or other natural disaster;

(D) any changes in the Applicable Law or applicable accounting standards and principles, including the IFRS, or the enforcement or interpretation in respect of any of the foregoing;

(E) any act of civil unrest, war, sabotage, cyberattack, terrorism or military action, or any outbreak or escalation of hostilities involving the United States or another sovereign political power, the declaration by the United States, the Taiwan Government Authority or another sovereign political power of a national emergency or war or the occurrence of any other calamity or crisis, including the war in Ukraine, Taiwan Strait, or the escalation or worsening of any of the foregoing;

(F) any epidemics or pandemics or other public health crisis (including the COVID-19 pandemic), including any worsening, deterioration or improvement of any of the foregoing;

(G) changes in conditions generally affecting the industry in which the Group operates; or

(H) any action or omission by any Group Company as required under Applicable Law,

except in the case of items (A) to (H) above, to the extent that such change or event does not materially and disproportionately affect the Group taken as a whole when compared with other businesses operating in the same industry;

“**HKIAC**” has the meaning given in clause 22.1;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**IFRS**” means the International Financial Reporting Standards and applicable accounting requirements set by the International Standards Board or any successor thereto, as in effect from time to time;

“**Immediate Family Members**” means:

- (a) spouse, parents, parents-in-law, grandparents, children, grandchildren, siblings and spouses of children, grandchildren and siblings (in each case, whether adoptive or biological); and
- (b) estates, trusts, partnerships and other persons which directly or indirectly through one or more intermediaries are Controlled by the foregoing;

“**Indemnifying Party**” or “**Indemnifying Parties**” has the meaning given in paragraph 2.1 of Schedule 6;

“**Information Technology**” means material computer systems, communication systems, software, hardware, databases and related services;

“**Institutional Investor Sellers**” means the Sellers identified as “Institutional Investor Seller” in column (H) of Schedule 1;

“**Intellectual Property**” means all industrial and intellectual property rights, whether registered or not, including pending applications for registration of such rights and the right to apply for registration or extension of such rights including patents, petty patents, utility models, design patents, designs, copyright (including moral rights and neighbouring rights), database rights, rights in integrated circuits and other sui generis rights, trade marks, trading names, company names, service marks, logos, the get-up of products and packaging, geographical indications and appellations and other signs used in trade, internet domain names, social media user names, rights in know-how (including information comprised in formulae, algorithms, techniques, specifications, computation models, software and manuals), trade secrets, right to use and protection of the confidentiality of Confidential Information and any rights of the same or similar effect or nature as any of the foregoing anywhere in the world;

“**Investor Ordinary Shares**” means the ‘investor ordinary shares’ of par value US\$0.0001 each in the capital of the Company;

“**Japan JV Agreement**” means the shareholders’ agreement entered into between ACT Japan and Canon Medical on 22 June 2018 with respect to their joint venture company, ACTMed Co., Ltd.;

“**Last Accounting Date**” means 31 December 2021;

“**Lilly Consent**” has the meaning given in clause 13.2.4;

“**Lilly Services Agreement**” means the clinical laboratory services agreement entered into between ACT Taiwan and Eli Lilly and Company (Taiwan), Inc. on 2 November 2020;

“**Lock-up Period**” has the meaning given in clause 9.1.7;

“**Locked-up Securities**” has the meaning given in clause 9.1;

“**Longstop Date**” means the date which is six (6) months following the date of this Agreement, or such later date as the Buyer and the Sellers may agree in writing;

“**Mainland Chinese Investor**” means an ‘investor’ subject to the regulations under the Act Governing Relations between the People of the Taiwan Area and the Mainland Area (臺灣地區與大陸地區人民關係條例), the Enforcement Rules for the Act Governing Relations between the People of the Taiwan Area and the Mainland Area (臺灣地區與大陸地區人民關係條例施行細則), the Measures Governing Investment Permit to the People of Mainland Area (大陸地區人民來台投資許可辦法) and the orders and regulations announced by the Government Authority from time to time;

“**Management Accounts**” means the unaudited consolidated profit and loss account of the Group in respect of the period starting on the day after the Last Accounting Date and ending on the Management Accounts Date and the unaudited consolidated balance sheet of the Group as at the Management Accounts Date to which the relevant Management Accounts have been drawn up;

“**Management Accounts Date**” means 31 August 2022;

“**Material Contract**” has the meaning given in paragraph 9.2 of Part B of Schedule 4;

“**MCD Acquisition**” means the acquisition of MC Diagnostics Limited by the Company in 2021;

“**MCD Disclosure Letter**” means the letter from the MCD Warrantors in relation to the MCD Warranties having the same date as this Agreement;

“**MCD Warrantor**” means each of Peter MAGUIRE, Ian CROSBY and John CULKIN;

“**MCD Warranty**” means a statement contained in Schedule 10;

“**MCD Warranty Claim**” means any claim made by the Buyer for breach of an MCD Warranty;

“**MPF Schemes**” means the mandatory provident fund schemes as established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485, Laws of Hong Kong);

“**Notice**” has the meaning given in clause 20.1;

“**Ordinary Course of Business**” means the ordinary and usual course of the operations of the business of the relevant Group Company and/or the Group, conducted on an arm’s length basis in compliance in all material respects with Applicable Laws and in accordance with the relevant Group Company’s and/or the Group’s practices or policies consistently applied over the twenty-four (24) months preceding the date of this Agreement;

“Other Ordinary Shares” means the ‘other ordinary shares’ of par value US\$0.0001 each in the capital of the Company;

“Personal Information” means any information about an identifiable individual (including any Group Company’s employees, customers, suppliers, directors and officers), regardless of whether the information is Confidential Information;

“Prenetics Shares” means the class A ordinary shares of par value US\$0.0001 each in the share capital of the Buyer;

“Properties” means the properties of the Group as Disclosed in the Disclosure Letters;

“Protected Information” means Confidential Information and Personal Information;

“Purchase Price” has the meaning given in clause 3.1;

“Registered Owned IP” has the meaning given in paragraph 8.1.1 of Part B of Schedule 4;

“Reimbursement Cap” is US\$500,000.

“Relevant Claim” means any Warranty Claim or any other claim made by the Buyer under this Agreement;

“Relief” means any loss, relief, allowance, exemption, set-off, deduction, right to repayment or credit or other relief of a similar nature granted by or available in relation to Tax pursuant to any legislation or otherwise;

“Represented Sellers” means all of the Sellers other than the Institutional Investor Sellers;

“Rules” has the meaning given in clause 22.1;

“Sale Shares” means the Shares as set out in Schedule 1 to be sold by the Sellers in accordance with this Agreement, and with respect to each Seller, means those shares set out against its name in column (C) of Schedule 1;

“Sanomics Acquisition” means the acquisition of Sanomics Holdings Limited by the Company, pursuant to the Sanomics SPA;

“Sanomics HKSTP Consent” has the meaning given in clause 13.2.1;

“Sanomics-HKSTP Funding Agreement” means the funding agreement entered into between Sanomics Limited and Hong Kong Science and Technology Parks Corporation on 25 October 2019 (as supplemented by the first supplemental funding agreement dated 16 November 2020);

“Sanomics Sellers” means the Sellers identified as “Sanomics Seller” in column (I) of Schedule 1;

“**Sanomics Settlement Deed**” means the settlement deed in the agreed form to be entered into by the Company and the Sanomics Sellers at Completion;

“**Sanomics SPA**” means the sale and purchase agreement dated 18 October 2021 entered into between the Company as the buyer and the selling shareholders of Sanomics Holdings Limited as sellers;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**Seller Affiliate**” means an Affiliate of a Seller;

“**Sellers’ Representative**” means Dr. Hua Chien Chen;

“**Sellers’ Representative Expenses**” has the meaning given in clause 11.2;

“**Sellers’ Representative Group**” has the meaning given in clause 11.2;

“**Senior Management**” has the meaning given in clause 9.3.1;

“**Shareholder**” means a holder of Shares in the Company;

“**Shareholders’ Agreement**” means the shareholders’ agreement in relation to the Company dated 15 March 2022, as supplemented and amended;

“**Shares**” means the Investor Ordinary Shares, the Existing Shareholder Ordinary Shares and the Other Ordinary Shares;

“**SOX**” means the Sarbanes-Oxley Act;

“**Subsidiaries**” means the subsidiaries of the Company listed in Part B of Schedule 2;

“**Tax**” and “**Taxation**” mean any form of taxation, levy, duty, charge, contribution, withholding or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by, or payable to, a Tax Authority;

“**Tax Authority**” mean any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function;

“**Tax Warranty**” means a statement contained in paragraph 14 of Part B of Schedule 4;

“**Tax Warranty Claim**” means any claim made by the Buyer for breach of any Tax Warranty;

“**Third Parties Ordinance**” means the Contracts (Rights of Third Parties) Ordinance (Cap. 623, Laws of Hong Kong);

“**TIC**” means the Ministry of Economic Affairs Investment Commission of Taiwan;

“**Transaction Documents**” means:

- (a) this Agreement;
- (b) the Disclosure Letters;
- (c) the Convertible Bond;
- (d) the Sanomics Settlement Deed;
- (e) the Amended Shareholders’ Agreement; and
- (f) the Amended Articles;

“**Transaction Information**” means any information relating to the terms of the transactions contemplated under and the provisions or subject matter of this Agreement or any other Transaction Document;

“**Tribunal**” has the meaning given in clause 22.2.1;

“**US\$**” or “**USD**” means United States dollars, the lawful currency of the United States of America;

“**Warrantor**” means each of CHEN Hua Chien, CHEN Shu Jen and CHAN Yiu Keung Victor;

“**Warranty**” means a statement contained in Schedule 4 or Schedule 10; and

“**Warranty Claim**” means any claim made by the Buyer for breach of a Warranty.

1.2 In this Agreement, a reference to:

- 1.2.1 a “**subsidiary**” or “**holding company**” is to be construed in accordance with sections 13 to 15 of the Companies Ordinance (Cap. 622, Laws of Hong Kong);
- 1.2.2 liability under, pursuant to or arising out of (or any analogous expression) any agreement, contract, deed or other instrument includes a reference to contingent liability under, pursuant to or arising out of (or any analogous expression) that agreement, contract, deed or other instrument;
- 1.2.3 a party being liable to another party, or to liability, includes any liability in equity, contract or tort (including negligence) or under the Misrepresentation Ordinance (Cap. 284, Laws of Hong Kong);
- 1.2.4 a document in the “**agreed form**” is a reference to a document in a form approved and confirmed in writing by or on behalf of each party;
- 1.2.5 a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time before the date of this Agreement and any subordinate legislation made under the statutory provision (as so modified or re-enacted) before the date of this Agreement;

- 1.2.6 a “**person**” includes a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state or any joint venture, association or partnership, works council or employee representative body (whether or not having separate legal personality);
- 1.2.7 a person includes a reference to that person’s legal personal representatives, successors and permitted assigns;
- 1.2.8 a “**party**” includes a reference to that party’s successors and permitted assigns;
- 1.2.9 a clause, paragraph or Schedule, unless the context otherwise requires, is a reference to a clause or paragraph of, or Schedule to, this Agreement;
- 1.2.10 any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include what most nearly approximates in that jurisdiction to the Hong Kong legal term and to any Hong Kong ordinance or regulation shall be construed so as to include equivalent or analogous laws of any other jurisdiction;
- 1.2.11 time of the day is to Hong Kong time;
- 1.2.12 the singular includes the plural and *vice versa*; and
- 1.2.13 one gender includes all genders.
- 1.3 The *ejusdem generis* principle of construction shall not apply to this Agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. Any phrase introduced by the terms “other”, “including”, “include” and “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.4 The headings in this Agreement do not affect its interpretation.
- 1.5 A reference in Schedule 4 to “to each Warrantor’s knowledge” includes the knowledge, information and belief of such Warrantor acquired on or after the date on which such Warrantor becomes an employee of any Group Company. A reference in Schedule 5 to “to the Buyer’s knowledge” includes the knowledge, information and belief of each of YEUNG Danny and LO Stephen acquired on or after the date on which he becomes an employee of the Buyer.
- 1.6 Notwithstanding anything contained herein to the contrary, all liabilities and obligations of the Sellers, Warrantors and MCD Warrantors shall be several and not joint.

2. **SALE AND PURCHASE**

- 2.1 Subject to the terms and conditions of this Agreement, each Seller agrees to sell to the Buyer, and the Buyer agrees to buy, the Sale Shares set out opposite such Seller’s name in column (C) of Schedule 1 and each right attaching to such Sale Shares at Completion, free from any Encumbrance.

- 2.2 Each Seller hereby consents to the sale and purchase of the Sale Shares, and waives all rights of pre-emption and other restrictions on transfer over, the Sale Shares conferred on them (if any) so as to permit the sale and purchase of the Sale Shares.
- 2.3 Each Seller that holds Investor Ordinary Shares hereby approves that the transactions contemplated in this Agreement shall not constitute a “Deemed Liquidation Event” set forth in Section 2.2 of the Shareholders’ Agreement and Article 11.2 of the Third Amended and Restated Memorandum and Articles of Association of the Company, and the execution of this Agreement shall serve as a written notice to the Company thereunder.
3. **PURCHASE PRICE AND CASH INCENTIVE PAYMENT**
- 3.1 The total purchase price for the Sales Shares (the “**Purchase Price**”) shall be US\$[•], being an amount equal to the total number of Sale Shares multiplied by a Purchase Price per Sale Share of US\$1.6. The implied valuation of the Company at Completion on a fully diluted basis (taking into account the issue of Investor Ordinary Shares to the Sanomics Sellers in accordance with the Sanomics Settlement Deed and any other Shares on or prior to Completion) shall be US\$270,000,000.
- 3.2 The Purchase Price shall be satisfied by:
- 3.2.1 the allotment and issue by the Buyer of Prenetics Shares at the subscription price of US\$10 per Prenetics Share at Completion, each credited as fully paid, in accordance with paragraph 3.1.1(a) of Schedule 3 (the “**Consideration Shares**”), at an exchange ratio of 6.25 Sale Shares to one (1) Prenetics Share (the “**Exchange Ratio**”); and
- 3.2.2 each Seller shall be entitled to receive such number of Consideration Shares as set out opposite its name in column (E) of Schedule 1, calculated by dividing the number of Sale Shares held by it as at Completion divided by the Exchange Ratio and rounded down to the nearest whole number.
- 3.3 In addition to the Purchase Price, the Buyer shall pay a total sum of US\$10,000,000 as a cash incentive payment (the “**Cash Incentive Payment**”) to the Sellers for entering into the transactions contemplated under this Agreement, of which:
- 3.3.1 a total sum of US\$5,000,000 shall be paid to the Sellers who are not Sanomics Sellers in respect of Sale Shares held by them at Completion, provided that, for this purpose, Sale Shares which are eligible for the Cash Incentive Payment shall exclude the Other Ordinary Shares issued upon the exercise of stock options under the existing Equity Incentive Plan (as defined in the Shareholders’ Agreement) that were not transferred to the relevant Shareholders pursuant to the ordinary shares subscription agreements entered into between the Company and such Shareholders dated 24 August 2018 (such Sale Shares after excluding the relevant Other Ordinary Shares, the “**Eligible Sale Shares**”), and each such Seller shall be entitled to an amount set out opposite its name in column (D) of Schedule 1, which is determined in accordance with the formula below:

$$A = \frac{B}{C} \times D$$

where:

A = the portion of the Cash Incentive Payment entitled to be received by each Seller that is not a Sanomics Seller;

B = the number of the Eligible Sale Shares held by such Seller;

C = the total number of the Eligible Sale Shares held by all of the Sellers that are not Sanomics Sellers; and

D = US\$5,000,000; and

3.3.2 a total sum of US\$5,000,000 shall be paid to the Sanomics Sellers in respect of the Sale Shares held by them at Completion, and each such Sanomics Seller shall be entitled to an amount set out opposite its name in column (D) of Schedule 1.

4. CONVERTIBLE BOND

4.1 Subject to the sale and purchase of the Sale Shares taking place and the terms and conditions of this Agreement, the Company shall issue, and the Buyer shall subscribe for, the Convertible Bond at Completion, in accordance with the terms of Schedule 8.

5. CONDITIONS

5.1 Completion by the Buyer is conditional on the following Conditions being satisfied (in addition to the Conditions set out in clause 13.1) on terms that are reasonably satisfactory to the Buyer, or waived by the Buyer in accordance with clause 5.5:

5.1.1 each of the Warranties remaining true, accurate and not misleading in all material respects as at Completion;

5.1.2 there having been no material breach by any Seller of its obligations under this Agreement between the date of this Agreement and Completion, provided that any failure by the Sellers to obtain the approval of all Shareholders to amend the Shareholders' Agreement shall not constitute a material breach for the purposes of this clause 5.1.2;

5.1.3 any and all consents, approvals and waivers in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated under this Agreement (including the acquisition of the Sale Shares by the Buyer, the issuance of the Convertible Bond, the amendment of the Shareholders' Agreement in the form of the Amended Shareholders' Agreement and the amendment and restatement of the memorandum and articles of association of the Company in the form of the Amended Articles) having been obtained and remaining in full force and effect as at Completion, and no such consent, approval or clearance having been revoked or modified prior to Completion;

5.1.4 there being no litigation, regulatory action or other legal, regulatory, or other administrative proceedings that would reasonably be expected to prohibit, enjoin, challenge, interfere or delay the consummation of any of the transactions contemplated under this Agreement;

- 5.1.5 no Group Company Material Adverse Effect having occurred between the date of this Agreement and Completion; and
 - 5.1.6 the Sellers being, and remaining as, shareholders of the Company and holding in aggregate more than fifty per cent. (50%) of the total issued share capital in the Company at all times between the date of this Agreement and Completion.
- 5.2 Completion by the Sellers is conditional on the following Conditions being satisfied on terms that are reasonably satisfactory to the Sellers, or waived in accordance with clause 5.5:
- 5.2.1 each of the Buyer Warranties that are qualified with respect to materiality shall remaining true, accurate and not misleading in all respects, and each of the Buyer Warranties that are not so qualified shall be true, accurate and not misleading in all material respects, in each case as of the date hereof and as at Completion, except for those Buyer Warranties that are as of a specific date, which shall be true, accurate and not misleading as of such date;
 - 5.2.2 any and all consents, approvals and waivers in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated under this Agreement (including the acquisition of the Sale Shares by the Buyer, the issuance of the Consideration Shares and the purchase of Convertible Bond by the Buyer) having been obtained and remaining in full force and effect as at Completion, and no such consent, approval or clearance having been revoked or modified prior to Completion;
 - 5.2.3 there being no litigation, regulatory action or other legal, regulatory or other administrative proceedings that would reasonably be expected to prohibit, enjoin, challenge, interfere or delay the consummation of any of the transactions contemplated under this Agreement; and
 - 5.2.4 no Buyer Material Adverse Effect having occurred between the date of this Agreement and Completion.
- 5.3 Each Warrantor shall use its reasonable endeavours to achieve satisfaction of each of the Conditions set out in clause 5.1 and undertakings set out in clause 13.1 as soon as possible after the date of this Agreement and in any event not later than the Completion Date. The Buyer shall use its reasonable endeavours to achieve satisfaction of each of the Conditions set out in clause 5.2 as soon as possible after the date of this Agreement and in any event not later than the Completion Date.
- 5.4 If, at any time, any of the parties becomes aware of a fact or circumstance that might prevent a Condition being satisfied by the Longstop Date, it shall immediately inform the Buyer (in the case of any Seller becoming aware of such fact or circumstance) or the Sellers (in the case of the Buyer becoming aware of such fact or circumstance).
- 5.5 At any time on or before the Completion Date, the Buyer may waive any Condition set out in clauses 5.1 or undertakings set out in clause 13.1 by Notice to the Sellers on any terms it decides, and the Sellers may waive any Condition set out in clause 5.2 by Notice to the Buyer on any terms he decides.

- 5.6 If the Warrantors fail to satisfy, or procure the satisfaction of, any Condition set out in clauses 5.1 or 13.1 or the Buyer fails to satisfy, or procure the satisfaction of, any Condition set out in clause 5.2 (each a “**CP Defaulting Party**”), in each case by 5.00 p.m. on the Longstop Date, and the Buyer (if any Warrantor is a CP Defaulting Party) or the Sellers (if the Buyer is a CP Defaulting Party) does not waive such Condition, the CP Defaulting Party shall be entitled to remedy such failure and achieve the satisfaction of the relevant Condition within twenty (20) Business Days after the Longstop Date (the “**Cure Period**”). If, following expiry of the Cure Period, the relevant Condition remains unsatisfied and the Buyer (for any Condition set out in clause 5.1 or 13.1) or the Sellers (for any Condition set out in clause 5.2) has not waived such Condition before the expiry of the Cure Period, this Agreement shall automatically terminate with immediate effect, and the Company shall indemnify the Buyer (if any Warrantor is the CP Defaulting Party) or the Buyer shall indemnify the Company (if the Buyer is the CP Defaulting Party) (the Buyer or the Company (as applicable) who is being indemnified shall be a “**CP Non-defaulting Party**”) for a breach of the obligations of the Buyer or the Warrantors respectively under clause 5.3, and keep the CP Non-defaulting Party indemnified, on demand against all external advisor fees and any other fees directly incurred by the CP Non-defaulting Party relating to the transactions contemplated by the Transaction Documents (including the negotiation, preparation, execution and performance by it of this Agreement and of each other Transaction Document), up to the Reimbursement Cap.
- 5.7 If this Agreement is terminated pursuant to clause 5.6, each party’s further rights and obligations cease immediately on termination, but termination does not affect a party’s accrued rights and obligations as at the date of termination or its rights and obligations arising as a result of termination, provided that the remedies set forth in clause 5.6 shall be the CP Non-defaulting Party’s sole and exclusive remedy for any claim made by CP Non-defaulting Party against the CP Defaulting Party for the termination of this Agreement pursuant to clause 5.6 (unless the termination of this Agreement is as a result of any fraud or wilful misconduct of the CP Defaulting Party).

6. **COMPLETION**

- 6.1 Completion shall take place via electronic exchange on the date that is ten (10) Business Days after the date on which the last of the Conditions is satisfied or waived (not being later than the date on which the Cure Period expires), or such other date as the Buyer and the Sellers may agree in writing (the “**Completion Date**”).
- 6.2 At Completion, the relevant Sellers, the Warrantors, the Company and the Buyer shall each do all those things respectively required of them in Schedule 3.
- 6.3 Each relevant Seller and Sanomics Seller hereby agrees that, in respect of the obligation of the Buyer to pay the Cash Incentive Payment under clause 3.3, the payment by the Buyer to the Designated Bank Account of each such Seller in accordance with paragraph 3.1.1(b) of Schedule 3 shall constitute full and valid discharge of the Buyer’s obligations to each such Seller under clause 3.3, and following such payment the Buyer shall not be further concerned as to the application of the moneys so paid or have any further obligation to any such Seller under clause 3.3.

- 6.4 The Buyer is not obliged to proceed to Completion unless:
- 6.4.1 the Sellers, the Warrantors and the Company comply with all their obligations under this clause 6 and Schedule 3; and
 - 6.4.2 the purchase of all the Sale Shares is completed simultaneously.
- 6.5 The Sellers, the Warrantors and the Company are not obligated to proceed to Completion unless the Buyer complies with its obligations under this clause 6 and Schedule 3.
- 6.6 All documents and items delivered and payments made in connection with each Completion shall be held by the recipient to the order of the person delivering or paying them (as the case may be) until such time as Completion takes place.
- 6.7 If Completion does not take place on the Completion Date because any Seller, any Warrantor, the Company or the Buyer (each a “**Defaulting Party**”) fails to comply with any of its obligations under this clause 6 and Schedule 3 (whether or not such failure by such Seller, Warrantor, the Company or Buyer would amount to a repudiatory breach at common law), the Buyer (if any Seller, any Warrantor or the Company is a Defaulting Party) or the Sellers, the Warrantors and the Company (if the Buyer is a Defaulting Party) (in each case, the “**Non-defaulting Party**”) shall by Notice to the Sellers, the Warrantors and the Company (if any Seller, any Warrantor or the Company is the Defaulting Party) or the Buyer (if the Buyer is the Defaulting Party):
- 6.7.1 proceed to Completion to the extent reasonably practicable;
 - 6.7.2 postpone Completion to such date as the Non-defaulting Party may specify (being a date not later than the date on which the Cure Period expires); or
 - 6.7.3 terminate this Agreement.
- 6.8 If the Non-defaulting Party chooses to postpone Completion to another date in accordance with clause 6.7.2, the provisions of this Agreement apply as if that other date is the relevant Completion Date.
- 6.9 If the Non-defaulting Party terminates this Agreement pursuant to clause 6.7.3:
- 6.9.1 the Defaulting Party shall indemnify the Buyer (if any Seller, any Warrantor or the Company is the Defaulting Party) or the Sellers, the Warrantors and the Company (if the Buyer is the Defaulting Party), and keep such party indemnified, on demand against all external advisor fees and any other fees directly incurred by the Non-defaulting Party relating to the transactions contemplated by the Transaction Documents (including the negotiation, preparation, execution and performance by it of this Agreement and of each other Transaction Document), up to the Reimbursement Cap; and
 - 6.9.2 each party’s further rights and obligations cease immediately on termination and none of the parties shall be liable to the other parties on account of such termination, provided that the remedies set forth in clause 6.9.1 shall be the Non-defaulting Party’s sole and exclusive remedy for any claim made by Non-defaulting Party against the Defaulting Party for the termination of this Agreement pursuant to clause 6.7.3 (unless the termination of this Agreement is as a result of any fraud or wilful misconduct of the Defaulting Party).

7. WARRANTIES AND PRE-COMPLETION CONDUCT

- 7.1 Each Seller represents and warrants to the Buyer that each Fundamental Warranty is, solely with respect to himself/herself/itself, true, accurate and not misleading as at the date of this Agreement. Immediately before Completion, each Seller is deemed to represent and warrant to the Buyer that each Fundamental Warranty is, solely with respect to himself/herself/itself, true, accurate and not misleading by reference to the facts and circumstances as at Completion. For this purpose only, where there is an express or implied reference in a Fundamental Warranty to the “date of this Agreement”, that reference is to be construed as a reference to the Completion Date.
- 7.2 Each Warrantor severally and not jointly represents and warrants to the Buyer that each ACT Warranty is true, accurate and not misleading as at the date of this Agreement. Immediately before Completion, each Warrantor is deemed to severally and not jointly represent and warrant to the Buyer that each ACT Warranty is true, accurate and not misleading by reference to the facts and circumstances as at Completion. For this purpose only, where there is an express or implied reference in an ACT Warranty to the “date of this Agreement”, that reference is to be construed as a reference to the Completion Date.
- 7.3 Each MCD Warrantor severally and not jointly represents and warrants to the Buyer that each MCD Warranty is true, accurate and not misleading as at the date of this Agreement. Immediately before Completion, Each MCD Warrantor is deemed to severally and not jointly represent and warrant to the Buyer that each MCD Warranty is true, accurate and not misleading by reference to the facts and circumstances as at Completion. For this purpose only, where there is an express or implied reference in an MCD Warranty to the “date of this Agreement”, that reference is to be construed as a reference to the Completion Date.
- 7.4 Each of the ACT Warranties and the MCD Warranties are qualified by the facts and circumstances Disclosed in the ACT Disclosure Letter and the MCD Disclosure Letter respectively. No other knowledge of the Buyer relating to any Group Company (actual, constructive or imputed) prevents or limits a claim made by the Buyer for breach of clause 7.1 to 7.3 above. No Seller shall invoke the Buyer’s knowledge (actual, constructive or imputed) of a fact or circumstance which might make a Warranty untrue, inaccurate or misleading as a defence to a claim for breach of clause 7.1 to 7.3 above or to reduce any amount recoverable.
- 7.5 The Buyer represents and warrants to the Company and each Seller that each Buyer Warranty is true, accurate and not misleading as at the date of this Agreement. Immediately before Completion, the Buyer is deemed to represent and warrant to the Company and each Seller that each Buyer Warranty is true, accurate and not misleading by reference to the facts and circumstances as at Completion. For this purpose only, where there is an express or implied reference in a Buyer Warranty to the “date of this Agreement”, that reference is to be construed as a reference to the Completion Date.

- 7.6 Reference to any facts and circumstances being “**Disclosed**” shall be deemed to be a reference to them being fully, fairly, specifically and accurately disclosed in the Disclosure Letters in such a manner that:
- 7.6.1 in the context of the disclosures contained in the Disclosure Letters:
- (a) the significance of the information disclosed and its relevance to a particular ACT Warranty or MCD Warranty ought reasonably to be appreciated by the Buyer, taking into account the paragraphs or subject matters in relation to which the information was disclosed;
 - (b) there is not omitted from the information disclosed any information which would have the effect of rendering the information so disclosed misleading in any respect; and
- 7.6.2 in the context of any document treated as disclosed by the Disclosure Letters, the matter disclosed is reasonably apparent from the terms of the document,
- and nothing disclosed by the Warrantors or MCD Warrantors to the Buyer other than in the Disclosure Letters and in accordance with the provisions of this clause 7.6 shall constitute disclosure for the purposes of this Agreement.
- 7.7 The Sellers’ and the Company’s liability for Relevant Claims shall be limited as set out in Schedule 6.
- 7.8 Each Seller agrees and undertakes to the Buyer and to each of the persons referred to in this clause 7.8 that, except in the case of fraud, he/she/it (and his/her/its respective Affiliates) will not make any claim against any Group Company or any director, officer, employee or agent of any Group Company on whom he/she/it may have relied before agreeing any term of this Agreement or any of the transactions contemplated by this Agreement which he/she/it (or his/her/its respective Affiliates) may have in respect of a misrepresentation, inaccuracy or omission in or from information or advice provided by any such person for the purpose of assisting any Seller to make a representation, give a Warranty or, where such Seller is a Warrantor or MCD Warrantor, prepare the Disclosure Letters. Any Group Company or any director, officer, employee or agent of any Group Company may enforce the terms of this clause 7.8 subject to and in accordance with the provisions of the Third Parties Ordinance.
- 7.9 Each Warranty is to be construed independently and (except where this Agreement provides otherwise) is not limited by a provision of this Agreement or another Warranty.
- 7.10 Between the execution of this Agreement and Completion, the Company shall comply, and the Company and each Warrantor shall procure that each of the Group Companies complies with, Schedule 7.
- 7.11 Between the execution of this Agreement and Completion, each Warrantor shall use his best endeavours to procure that each Shareholder (other than any Shareholder who ceases to hold any Shares immediately after Completion) shall approve the amendment of the Shareholders’ Agreement and execute the Amended Shareholders’ Agreement in the agreed form.

- 7.12 Between the execution of this Agreement and Completion, no Seller shall:
- 7.12.1 enter into or be involved in any discussion or negotiation with any person except the Buyer in connection with the sale of any Share or any share of any Group Company, the sale or merger of any Group Company or the sale of the business or any part of the business of or the disposal of any of the assets or the business of any Group Company;
 - 7.12.2 enter into an agreement or arrangement with any person except the Buyer in connection with the sale of any Share or any share of any Group Company, the sale or merger of any Group Company or the sale of the business or any part of the business of or the disposal of any of the assets of any Group Company; or
 - 7.12.3 make available to any person except the Buyer any information relating to the sale of any Share or any share of any Group Company, the sale or merger of any Group Company or the sale of the business or any part of the business of or the disposal of any of the assets of any Group Company.
- 7.13 Between the execution of this Agreement and Completion, each Seller shall notify the Buyer immediately if he/she/it or any of his/her/its or his/her/its Affiliates' directors, employees or advisors becomes aware of a matter, fact or circumstance which constitutes or which would or might constitute a breach (whether repudiatory in nature or not) of clauses 7.1 to 7.3 and clause 7.10 or any other provision under this Agreement or which would or might cause a Warranty to be untrue, inaccurate or misleading if given in respect of the matters, facts or circumstances at the relevant time between signing and Completion.

8. INDEMNITIES

- 8.1 The Company shall indemnify the Buyer, and keep the Buyer indemnified, on demand against each loss, liability and cost which the Buyer incurs, in each case, whether before or after the start of an action arising (directly or indirectly) out of:
- 8.1.1 in respect of any ACT Warranty Claim:
 - (a) the settlement of such ACT Warranty Claim against any Warrantor; and
 - (b) legal proceedings against any Warrantor in respect of any ACT Warranty Claim;
 - 8.1.2 in respect of any MCD Warranty Claim:
 - (a) the settlement of such MCD Warranty Claim against any MCD Warrantor; and
 - (b) legal proceedings against any MCD Warrantor in respect of any MCD Warranty Claim; and
 - 8.1.3 in respect of any Relevant Claim under clause 7.10, 7.11, 13.1, 13.2 or 13.5:
 - (a) the settlement of such Relevant Claim against any Warrantor; and
 - (b) legal proceedings against any Warrantor in respect of such Relevant Claim.

- 8.2 Any indemnification made by the Company to the Buyer under clause 8.1 shall be grossed-up by the amount of payment that is indirectly borne by the Buyer by reason of the Buyer's beneficial interest in the Company at the time of such payment (and in calculating such gross-up, any gross-up amounts shall also be taken into account and in turn grossed-up).
- 8.3 Subject to the limitations set out in Schedule 6, each Seller shall, in respect of any Relevant Claim against such Seller (including any Fundamental Warranty Claim against such Seller or a breach or an alleged breach of any obligation of such Seller under this Agreement) which is not an ACT Warranty Claim, an MCD Warranty Claim or a Relevant Claim under clause 7.10, 7.11, 13.1, 13.2 or 13.5, indemnify the Buyer, and keep the Buyer indemnified, on demand against each loss, liability and cost which the Buyer incurs, in each case, whether before or after the start of an action arising (directly or indirectly) out of:
- (a) the settlement of such Relevant Claim against such Seller; and
 - (b) legal proceedings against such Seller in respect of such Relevant Claim.
- 8.4 Without prejudice to any right that the Buyer may have against any Seller under this Agreement, each Seller and the Company agrees that, as between the Warrantors, the MCD Warrantors, the Sellers and the Company, no Warrantor or MCD Warrantor (as applicable) shall be liable to him/her/it for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with the sale of the Sale Shares by any Seller including any breach of the ACT Warranties or MCD Warranties (as applicable) or of the obligations under clause 7.10, 7.11, 13.1, 13.2 or 13.5.

9. LOCK-UP

- 9.1 Without prejudice to any requirement under Applicable Law in respect of any Disposal, each Consideration Shares Seller undertakes to the Buyer that, in respect of any Consideration Share it receives at Completion and any other equity securities issued by Prenetics in respect thereof as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation (the "**Locked-up Securities**"), he/she/it shall not, and shall procure that none of its Affiliates, nominees, trusts associated with him/her/it or any person acting on its or their behalf shall, without the prior written consent of the Buyer:
- 9.1.1 from and including the Completion Date to and excluding the date falling six (6) months after the Completion Date (the "**First Lock-up Period**"), Dispose of any Locked-up Securities;
 - 9.1.2 from and including the date on which the First Lock-up Period expires to and excluding the date falling three (3) months after the date on which the First Lock-up Period expires (the "**Second Lock-up Period**"), Dispose of more than twenty-five per cent. (25%) of the Consideration Shares held by such Consideration Shares Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);

- 9.1.3 from and including the date on which the Second Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Second Lock-up Period expires (the “**Third Lock-up Period**”), Dispose of more than thirty-seven and a half per cent. (37.5%) of the Consideration Shares held by such Consideration Shares Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);
- 9.1.4 from and including the date on which the Third Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Third Lock-up Period expires (the “**Fourth Lock-up Period**”), Dispose of more than fifty per cent. (50%) of the Consideration Shares held by such Consideration Shares Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);
- 9.1.5 from and including the date on which the Fourth Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Fourth Lock-up Period expires (the “**Fifth Lock-up Period**”), Dispose of more than sixty-two and a half per cent. (62.5%) of the Consideration Shares held by such Consideration Shares Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);
- 9.1.6 from and including the date on which the Fifth Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Fifth Lock-up Period expires (the “**Sixth Lock-up Period**”), Dispose of more than seventy-five per cent. (75%) of the Consideration Shares held by such Consideration Shares Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation); and
- 9.1.7 from and including the date on which the Sixth Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Sixth Lock-up Period expires (the “**Seventh Lock-up Period**”, and together with the First Lock-up Period, the Second Lock-up Period, the Third Lock-up Period, the Fourth Lock-up Period, the Fifth Lock-up Period and the Sixth Lock-up Period, the “**Lock-up Period**”), Dispose of more than eighty-seven and a half per cent. (87.5%) of the Consideration Shares held by such Consideration Shares Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation).
- 9.2 The restrictions set out in clause 9.1 shall not prohibit any transfer of any Locked-up Securities by a Consideration Shares Seller to an Affiliate of such Seller.

- 9.3 The restrictions set out in clause 9.1 prohibiting the Disposal of any Locked-up Securities by a Consideration Shares Seller shall cease to apply in the event if, at any time during the Lock-up Period:
- 9.3.1 material changes are made to the functions of the chief executive officer, chief scientific officer or chief financial officer of the Buyer (“**Senior Management**”), which materially impact the Buyer’s ability to carry out its ordinary course of business;
 - 9.3.2 any person holding any Senior Management position intentionally fails to perform the functions of such Senior Management position, which materially impacts the Buyer’s ability to carry out its ordinary course of business;
 - 9.3.3 any member of the Senior Management of the Buyer being indicted of any criminal offence or any offence relating to fraud, bribery or corruption;
 - 9.3.4 a change of Control occurs in respect of the Buyer; or
 - 9.3.5 the Buyer becomes insolvent under the laws of its jurisdiction of incorporation.

10. SALE OF THE CONSIDERATION SHARES

- 10.1 With a view to making available to the Consideration Shares Sellers the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any applicable securities laws that may at any time permit a Consideration Shares Seller to sell securities of the Buyer to the public without registration, the Buyer shall:
- 10.1.1 deliver instructions (and, if required, a legal opinion) to the transfer agent to release the Consideration Shares from the lock-up arrangements pursuant to clause 9.1 and to issue the direct registration statement (DRS) statements to the Consideration Shares Sellers;
 - 10.1.2 use reasonable endeavours to timely file all reports and take such other action as is required to make adequate current public information available as set forth in Rule 144; and
 - 10.1.3 use reasonable efforts to take any such further action as any Consideration Shares Seller may reasonably request or as may be reasonably required by the relevant transfer agent, in each case to the extent required from time to time to enable the holder of the relevant Consideration Shares to sell Consideration Shares held by him/her/it without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act and any comparable provision of any applicable securities laws.
- 10.2 The Buyer will not require any Consideration Share Seller to provide a legal opinion for the sale of any Consideration Shares under Rule 144 and if the transfer agent of the Buyer requests for such a legal opinion, the Buyer shall engage its own counsel to issue such a legal opinion at the Buyer’s cost.

11. SELLERS' REPRESENTATIVE

11.1 The Represented Sellers and the Company hereby acknowledge and agree that, by virtue of the approval of the transactions contemplated by this Agreement by the Represented Sellers and without further action of any of the Represented Sellers or the Company, Dr. CHEN Hua Chien is hereby irrevocably appointed as the Sellers' Representative and shall have full power and authority, for the benefit of the Represented Sellers as the exclusive agent and true and lawful attorney-in-fact to act on behalf of each Represented Seller under this Agreement, in connection with, and to facilitate the consummation of, the transactions contemplated by this Agreement. Such agency and appointment includes the power and authority, as the Sellers' Representative may deem necessary or desirable in his sole discretion: (a) to negotiate, execute and deliver such waivers, consents and amendments (other than any written consent of the Represented Sellers adopting this Agreement or appointing the Sellers' Representative) under this Agreement and the consummation of the transactions contemplated by this Agreement; (b) to refrain from enforcing any right of the Represented Sellers arising out of or in any way relating to this Agreement; *provided, however*, that no such failure to act, except as otherwise expressly provided in this Agreement, shall be deemed a waiver of any such right or interest by the Sellers' Representative or the Represented Sellers unless such waiver is a writing signed by the Sellers' Representative or waiving party; (c) as the Sellers' Representative, to enforce and protect the interests and rights of the Represented Sellers and the rights and interests of such persons arising out of or in any manner relating to this Agreement and the transactions contemplated by this Agreement, and to take any and all actions under this Agreement for and on behalf of the Represented Sellers, including, consenting to, compromising or settling any such claims, negotiating with the Buyer and its representative regarding such claims, and, in connection therewith, to (i) investigate, contest, defend or litigate any claim, action, proceeding or investigation initiated by the Buyer, against the Sellers' Representative and/or any of the Represented Sellers, and receive process on behalf of any or all Represented Sellers therefor and compromise or settle, and give receipts, releases and discharges with respect to, any such claim, action, proceeding or investigation; (ii) assert any claim or institute any action, proceeding or investigation; (iii) settle or compromise any claims asserted under this Agreement; (iv) file any proofs of debt, claims and petitions; and (v) file and prosecute appeals from any decision, judgment or award rendered in any such action, proceeding or investigation, *provided* that the Sellers' Representative shall not have any obligation to take any such actions, and shall not have any liability for the failure to so take any such action; (d) assert any claim or institute any action, proceeding or investigation; and (e) to make, execute, and deliver all such other agreements, payments, receipts, guarantees, endorsements, notices, requests, instructions, certificates, letters, stock powers, and other writings, and, in general, to do any and all things and to take any and all action that the Sellers' Representative, in its sole and absolute discretion, may deem necessary, proper or convenient in connection with or to carry out the transactions contemplated by this Agreement or otherwise in connection with the subject matter of this Agreement. Notwithstanding the foregoing, the Sellers' Representative shall have no obligation to act on behalf of the Represented Sellers, except as expressly provided herein, and for purposes of clarity, there are no obligations of the Sellers' Representative in any ancillary agreement, schedule, exhibit or the Disclosure Letters. The Sellers' Representative may be changed by the holders of a majority in interest of the Represented Sellers as determined by the Sale Shares of each Represented Seller set forth in Schedule 1 upon not less than ten (10) days' prior written notice to all of the Represented Sellers and to Buyer. If the Sellers' Representative shall resign, a replacement shall be promptly named by the holders of a majority in interest of the Represented Sellers as determined by the Sale Shares of each Represented Seller set forth in Schedule 1. No bond shall be required of the Sellers' Representative.

- 11.2 The Represented Sellers shall indemnify, defend and hold harmless the Sellers' Representative from and against any and all losses, claims, damages, liabilities, fees, costs, expenses (including fees, disbursements and costs of counsel and other skilled professionals and in connection with seeking recovery from insurers), judgments, fines or amounts paid in settlement (collectively, the "**Sellers' Representative Expenses**") incurred without gross negligence or wilful misconduct on the part of the Sellers' Representative and arising out of or in connection with the acceptance or administration of its duties hereunder. Such Sellers' Representative Expenses may be recovered from any distribution or other amounts otherwise distributable to the Represented Sellers and directly from the Represented Sellers. The Represented Sellers acknowledge that the Sellers' Representative shall not be required to expend or risk its own funds or otherwise incur any financial liability in the exercise or performance of any of its powers, rights, duties or privileges or pursuant to this Agreement, or the transactions contemplated hereby or thereby. Furthermore, the Sellers' Representative shall not be required to take any action unless the Sellers' Representative has been provided with funds, security or indemnities which, in its determination, are sufficient to protect the Sellers' Representative against the costs, expenses and liabilities which may be incurred by the Sellers' Representative in performing such actions. The Sellers' Representative shall be entitled to: (i) rely upon Schedule 1, (ii) rely upon any signature believed by it to be genuine, and (iii) reasonably assume that a signatory has proper authorisation to sign on behalf of the applicable Represented Seller or other party.
- 11.3 All of the indemnities and immunities granted to the Sellers' Representative under this Agreement shall survive Completion, the resignation or removal of the Sellers' Representative, and/or any termination of this Agreement. All of the indemnities, immunities and powers granted to the Sellers' Representative under this Agreement (i) are coupled with an interest, shall be irrevocable and shall survive the death, incompetency, bankruptcy or liquidation of any Represented Seller and shall be binding on any successor thereto and (ii) shall survive the consummation of the transactions contemplated by this Agreement. Any action taken by the Sellers' Representative pursuant to the authority granted hereunder or otherwise under this Agreement shall be effective and absolutely binding on each Represented Seller and such Represented Seller's successors as if expressly confirmed and ratified in writing by such Represented Seller notwithstanding any contrary action of or direction from such Represented Seller, and all defences which may be available to any Represented Seller to contest, negate or disaffirm the action of the Sellers' Representative taken in good faith under this Agreement are waived.
- 11.4 The Buyer shall have the right to rely upon all actions taken or omitted to be taken by the Sellers' Representative pursuant to this Agreement, all of which actions or omissions shall be legally binding upon the Represented Sellers, and the Buyer shall have no obligation to monitor or supervise the performance of the obligations of the Sellers' Representative. The Buyer shall not be liable to any of the Sellers for any action taken or omitted to be taken by the Sellers' Representative.

12. UNDERTAKINGS BY THE SELLERS

- 12.1 Each Seller undertakes to the Buyer, acting for himself/herself/itself that he/she/it will not, and will procure that none of its Affiliates will, do any of the following things, whether directly or indirectly and whether alone or jointly with, or on behalf of, or as agent for, any other person or as shareholder, partner, director, principal, consultant, officer, agent, employee or otherwise, for a period of two (2) years starting on the date of this Agreement, do or say anything which is harmful to a Group Company's goodwill (subsisting as at the date of this Agreement) or which would reasonably be expected to lead a person who has dealt with a Group Company at any time during the twelve (12) months prior to the date of this Agreement to cease to deal with a Group Company on substantially equivalent terms to those previously offered or at all.

- 12.2 Each Seller (other than any Financial Investor Seller) undertakes to the Buyer, acting for himself/herself/itself that he/she/it will not, and will procure that none of its Affiliates will, do any of the following things, whether directly or indirectly and whether alone or jointly with, or on behalf of, or as agent for, any other person or as shareholder, partner, director, principal, consultant, officer, agent, employee or otherwise:
- 12.2.1 for a period of one (1) year starting on the date of this Agreement, carry on or be engaged, concerned or interested in or assist a business which competes, directly or indirectly, with a business of a Group Company as carried on as at the date of this Agreement or at any time in the twelve (12) months prior to that date in a territory in which that business is or was carried on at any such date or time;
 - 12.2.2 for a period of two (2) years starting on the date of this Agreement, in respect of the products or services of a business of a Group Company either seek to obtain orders from, or do business with, or encourage another person to obtain orders from or do business with, a person who has been a customer of that business at any time during the twelve (12) months prior to the date of this Agreement for the products or services of that business in its territory of operation;
 - 12.2.3 for a period of two (2) years starting on the date of this Agreement, solicit or contact with a view to his/her engagement or employment by another person, a director, officer, employee or manager of a Group Company or a person who was a director, officer, employee or manager of a Group Company at any time during the twelve (12) months prior to the date of this Agreement, in either case where the person in question either has any Protected Information or would be in a position to exploit a Group Company's trade connections; or
 - 12.2.4 for a period of two (2) years starting on the date of this Agreement, engage or employ a director, officer, employee or manager of a Group Company or a person who was a director, officer, employee or manager a Group Company at any time during the twelve (12) months prior to the date of this Agreement, in either case where the person in question either has any Protected Information or would be in a position to exploit a Group Company's trade connections.
- 12.3 Each undertaking in clauses 12.1 and 12.2 constitutes an entirely independent undertaking and if one or more of the undertakings is held to be against the public interest or unlawful or in any way an unreasonable restraint of trade, the remaining undertakings shall continue to bind the Seller.
- 12.4 The parties consider that the restrictions contained in clauses 12.1 and 12.2 are reasonable but if any such restriction shall be found to be unenforceable but would be valid if any part of it were deleted or the period or area of application reduced such restriction shall apply with such modification as may be necessary to make it valid and effective.

12.5 Nothing contained in clauses 12.1 and 12.2 shall preclude or restrict any Seller and his/her/its Affiliates from holding not more than five per cent. (5%) of the issued share capital of any company whose shares are listed on a recognised stock exchange.

13. FURTHER UNDERTAKINGS

13.1 Each Warrantor agrees and undertakes to the Buyer that he/she will, prior to Completion, and will procure each Group Company to:

13.1.1 procure ACT Singapore to request any and all written consents from CERBA Research NV under the CERBACT JV Agreement to waive the right to the exercise of its call option under Section 16.8 of the CERBACT JV Agreement in connection with the change of control in the Company contemplated under this Agreement (such request being in the agreed form), and no objection to granting such waiver having been received from CERBA Research NV prior to Completion (the “**CERBACT Consent**”);

13.1.2 procure ACT Japan and ACT Taiwan to request Canon Medical to enter into a memorandum of understanding with ACT Japan and ACT Taiwan (such request being in the agreed form) pursuant to which (i) Canon Medical waives the right to exercise its call option pursuant to Section 9.6 of the Japan JV Agreement; and (ii) ACT Japan, ACT Taiwan and Canon Medical agree that ACTMed Co., Ltd. will not be liquidated notwithstanding the applicable provisions of the Japan JV Agreement (the “**Canon MoU**”), and no objection to entering into the Canon MoU having been received from Canon Medical prior to Completion,; and

13.1.3 at Completion, deliver to the Purchaser evidence of the each of the requests made pursuant to clauses 13.1.1 and 13.1.2 and (if available at Completion) duly executed copies of each of the CERBACT Consent and Canon MoU.

13.2 Each Warrantor agrees and undertakes to the Buyer that he/she will, within a period of one (1) month following the Completion Date, and will procure each Group Company to:

13.2.1 procure Sanomics Limited to request any and all written consents from Hong Kong Science and Technology Parks Corporation under the Sanomics-HKSTP Funding Agreement approving the change of ultimate beneficial owners of the Company contemplated under this Agreement on terms that are reasonably satisfactory to the Buyer (the “**Sanomics HKSTP Consent**”);

13.2.2 procure ACT HK to request any and all written consents from Hong Kong Science and Technology Parks Corporation under the ACTHK-HKSTP Funding Agreement approving the change of ultimate beneficial owners of the Company contemplated under this Agreement on terms that are reasonably satisfactory to the Buyer (the “**ACTHK HKSTP Consent**”);

- 13.2.3 procure ACT Taiwan to request any and all written consents from AstraZeneca Taiwan Limited under the AstraZeneca MSA approving the change of ultimate beneficial owners of the Company contemplated under this Agreement on terms that are reasonably satisfactory to the Buyer (the “**AstraZeneca Consent**”);
 - 13.2.4 procure ACT Taiwan to request any and all written consents from Eli Lilly and Company (Taiwan), Inc. under the Lilly Services Agreement approving the change of ultimate beneficial owners of the Company contemplated under this Agreement on terms that are reasonably satisfactory to the Buyer (the “**Lilly Consent**”);
 - 13.2.5 procure ACT Singapore to request any and all written waivers from CERBA Research NV and/or CERBACT JVCo in respect of the transfer prohibition of ACT Singapore’s shares in CERBACT JVCo pursuant to section 16.1 of the CERBACT JV Agreement on terms that are reasonably satisfactory to the Buyer (the “**CERBACT Waiver**”); and
 - 13.2.6 procure any Group Company to request any and all written consents from third parties, including but not limited to National Health Research Institute of Taiwan, BAG HealthCare GmbH and Kaohsiung Veterans General Hospital, in each case, approving the change in ultimate beneficial owner of the Company contemplated under this Agreement on terms that are reasonably satisfactory to the Buyer.
- 13.3 Except as arising pursuant to the Transaction Documents, with effect from Completion, each Seller irrevocably waives, and procures each of its Affiliates to waive, any and all claims against each of the Group Companies in respect of any liabilities or obligations, whether actual or contingent, of such Group Company to that Seller or Seller’s Affiliates (as applicable).
 - 13.4 Upon the written request by the Company following any written enquiry from the TIC and other Government Authority in Taiwan, the Buyer shall use reasonable endeavours to provide all such information and documents reasonably requested by the Company within ten (10) Business Days for the purposes of establishing that the Buyer is not a Mainland Chinese Investor, nor is the Buyer affiliated with or substantially controlled by a Mainland Chinese Investor.
 - 13.5 Subject to the limitations set out in Schedule 6, the Company and each Warrantor shall indemnify and hold harmless the Buyer for the amounts set out in Schedule 9.

14. **CONFIDENTIAL INFORMATION**

- 14.1 Each party undertakes to the other parties, that before and after Completion such party shall:
 - 14.1.1 not use or disclose to any person Protected Information he/she/it has or acquires;
 - 14.1.2 make every effort to erase from any computer under the control of any party any document, disk or file containing, reflecting or generated from any Protected Information, and following such erasure, not attempt to recover such material;

- 14.1.3 make every effort to prevent the use or disclosure of Protected Information; and
 - 14.1.4 procure that each of his/her/its Seller Affiliates complies with sub-clauses 14.1.1 to 14.1.3.
- 14.2 Clause 14.1 does not apply to disclosure of Protected Information:
- 14.2.1 to the extent that it is generally known to the public not as a result of a breach of any duty of confidentiality;
 - 14.2.2 to a director, officer or employee of the Buyer or of a Group Company whose function requires him to have the Protected Information;
 - 14.2.3 to the extent that it is required to be disclosed by Applicable Law or by a Government Authority or other authority with relevant powers to which the party disclosing the Protected Information is subject or submits, whether or not the requirement has the force of law provided that the disclosure shall so far as is practicable be made after consultation with the Buyer (if the disclosing party is any Seller) or the Sellers (if the disclosing party is the Buyer) and after allowing such party the opportunity to contest such disclosure and after taking into account such party's reasonable requirements as to its timing, content and manner of making or despatch; or
 - 14.2.4 to an adviser for the purpose of advising such party in connection with the transactions contemplated by this Agreement and the Transaction Documents, provided that such disclosure is essential for these purposes and is on the basis that clause 14.1 applies to the disclosure by the adviser.

15. ANNOUNCEMENTS

- 15.1 Subject to clause 15.2, no Seller may, before or after Completion, make, issue or send a public announcement, communication or circular concerning the transactions referred to in this Agreement and any other Transaction Document unless he/she/it has first obtained the Buyer's prior written consent.
- 15.2 Clause 15.1 does not apply to a public announcement, communication or circular, required by Applicable Law, by a rule of a listing authority by which any Seller's shares or shares of such Seller's holding company are listed, by a stock exchange on which such Seller's shares or shares of such Seller's holding company are listed or traded or by a Government Authority or other authority with relevant powers to which such Seller or such Seller's holding company is subject or submits, whether or not the requirement has the force of law, provided that the public announcement, communication or circular shall so far as is practicable be made after consultation with the Buyer and after taking into account the reasonable requirements of the Buyer as to its timing, content and manner of making or despatch.

16. COSTS

- 16.1 Except where this Agreement or the relevant Transaction Document provides otherwise, each party shall pay its own fees, costs, expenses and taxes relating to the negotiation, preparation, execution and performance by it of this Agreement and of each document referred to in it.

17. **GENERAL**

- 17.1 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each party.
- 17.2 The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.
- 17.3 Except with respect to fraud, the remedies provided in this Agreement shall be the parties' sole and exclusive remedy for any and all breaches of the representations, warranties and/or covenants contained herein or in any certificate delivered pursuant to this Agreement or any claims arising relating to or arising from or in connection with this Agreement, the transactions contemplated by this Agreement or any other certificate delivered pursuant hereto, in all cases, except for claims based on fraud.
- 17.4 Except to the extent that they have been performed and except where this Agreement provides otherwise, the obligations contained in this Agreement remain in force after Completion.
- 17.5 If a party fails to pay a sum due from it under this Agreement on the due date of payment in accordance with the provisions of this Agreement, that party shall pay interest on the overdue sum from the due date of payment until the date on which its obligation to pay the sum is discharged at the rate per annum of five per cent (5%). Interest accrues and is payable from day to day.
- 17.6 All payments made by any Seller under this Agreement shall be made gross, free of right of counterclaim or set-off and without deduction or withholding of any kind other than any deductions or withholding required by Applicable Law.
- 17.7 If a party makes a deduction or withholding required by Applicable Law from a payment made pursuant to this Agreement for a breach of the Agreement or any payment by way of indemnity or of a compensatory nature under this Agreement, the sum due from the payer shall be increased to the extent necessary to ensure that, after the making of any deduction or withholding, the recipient receives a sum equal to the sum it would have received had no deduction or withholding been made.
- 17.8 If a payment made pursuant to this Agreement for a breach of the Agreement or any payment by way of indemnity or of a compensatory nature under this Agreement will be or has been subject to Tax in the hands of the payee (or would have been subject to Tax in the hands of the payee but for the availability of Relief), the payer shall pay to the recipient the amount (after taking into account Tax payable in respect of the amount or that would be payable but for the availability of Relief) that will ensure that the recipient receives and retains a net sum equal to the sum it would have received had the payment not been subject to Tax (or not been subject to Tax disregarding the availability of Relief).
- 17.9 Except as provided in clauses 7.8 and 18.4, a person who is not a party to this Agreement has no right under the Third Parties Ordinance to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from the Third Parties Ordinance.

- 17.10 Any payment made pursuant to this Agreement for a breach of the Agreement or any payment by way of indemnity or of a compensatory nature under this Agreement will be treated as (to the extent possible) an increase in the Purchase Price (if paid by the Buyer to a Seller) or a decrease in the Purchase Price (if paid by a Seller to the Buyer).
- 17.11 Each of the parties agrees to perform (or procure the performance of) all such acts and things and/or to execute and deliver (or procure the execution and delivery of) all such documents, as may be required by Applicable Law or as may be necessary or requested by the Buyer for giving full effect to the Transaction Documents and securing to the Buyer the full benefit of the rights, powers and remedies conferred upon the Buyer by the Transaction Documents. Unless otherwise agreed, each party shall be responsible for its own costs and expenses incurred in connection with the provisions of this clause 17.11.
- 17.12 If, at any time, any provision of this Agreement is or becomes void, illegal, invalid or unenforceable in any respect, whether pursuant to any judgment or otherwise:
- 17.12.1 that voidness, illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of any other provision of this Agreement; and
- 17.12.2 the void, illegal, invalid or unenforceable provision shall be deemed never to have been a part of this Agreement.

18. ENTIRE AGREEMENT

In this clause 18, "**Representation**" means an assurance, commitment, condition, covenant, guarantee, indemnity, representation, statement, undertaking or warranty of any sort whatsoever (whether contractual or otherwise, oral or in writing, or made negligently or otherwise).

- 18.1 The Transaction Documents constitute the entire agreement between the parties. They supersede any previous agreements relating to the subject matter of the Transaction Documents, and set out the complete legal relationship of the parties arising from or connected with that subject matter.

- 18.2 Accordingly, the Buyer:

18.2.1 represents and agrees that:

- (a) no Seller or adviser to the Sellers has made any Representation that the Buyer considers material which is not set out in the Transaction Documents; and
- (b) it has not entered into the Transaction Documents in reliance on any Representation except those set out in the Transaction Documents,

and will not contend to the contrary; and

18.2.2 for the avoidance of doubt, agrees that:

- (a) no adviser to the Sellers has any liability to the Buyer for any Representation except set out where third parties have given opinions etc.;
- (b) the Sellers have no liability of any kind to the Buyer for any Representation except in respect of those set out in the Transaction Documents; and
- (c) its only rights and remedies in respect of any Representations are those rights and remedies set out in the Transaction Documents.

18.3 Likewise, each Seller:

18.3.1 represents and agrees that:

- (a) no adviser to the Buyer or provider of finance to the Buyer has made any Representation that such Seller considers material which is not set out in the Transaction Documents, and
 - (b) it has not entered into the Transaction Documents in reliance on any Representation except those set out in the Transaction Documents,
- and will not contend to the contrary; and

18.3.2 for the avoidance of doubt, agrees that:

- (a) no adviser to the Buyer or provider of finance to the Buyer has any liability to any Seller for any Representation except set out where third parties have given opinions etc.;
- (b) the Buyer has no liability of any kind to any Seller for any Representation except in respect of those set out in the Transaction Documents; and
- (c) its only rights and remedies in respect of any Representations are those rights and remedies set out in the Transaction Documents.

18.4 Each Affiliate of the Buyer or any Seller, the advisers to the Buyer, the advisers to any Seller and providers of finance to the Buyer may enforce the terms of this clause 18 subject to and in accordance with the provisions of the Third Parties Ordinance.

18.5 Nothing in this clause 18 shall have the effect of limiting any liability arising from fraud.

19. ASSIGNMENT, AMENDMENT AND MODIFICATION

19.1 This Agreement is personal to each Seller. Accordingly, no Seller shall assign, transfer, declare a trust of the benefit of or in any other way alienate any of its rights under this Agreement whether in whole or in part.

19.2 Each Seller agrees that the benefit of every provision in this Agreement is given to the Buyer for itself and its successors in title and assigns. Accordingly, the Buyer (and its successors and assigns) may, without the consent of the Sellers, assign the benefit of all or any of the Sellers' obligations under this Agreement and/or any other benefit arising under or out of this Agreement.

19.3 This Agreement may not be amended, restated or otherwise modified except by a written instrument specifically referring to this Agreement that is executed by the Company, the Buyer and the Sellers.

20. **NOTICES**

20.1 A notice or other communication under or in connection with this Agreement (a “**Notice**”) shall be:

20.1.1 in writing;

20.1.2 in English; and

20.1.3 delivered personally or sent by courier by an internationally recognised courier company (e.g. FedEx, DHL) or by email, to the party due to receive the Notice at its address set out in clause 20.3 or to such other address, person or email address as the party may specify by not less than seven days’ written notice to the other party received before the Notice was despatched.

20.2 In the absence of evidence of earlier receipt, a Notice shall be deemed to have been duly given if:

20.2.1 delivered personally, when left at the address referred to in sub-clause 20.1.3;

20.2.2 sent by courier, two (2) Business Days after posting it; and

20.2.3 sent by email, when the email is sent.

20.3 The address referred to in sub-clause 20.1.3 is:

<u>Name of party</u>	<u>Address</u>	<u>Email address</u>	Marked for the attention of
Institutional Investor Sellers	As set out in column (A) Schedule 1 opposite the name of such Institutional Investor Seller.	As set out in column (A) Schedule 1 opposite the name of such Institutional Investor Seller.	As set out in column (A) Schedule 1 opposite the name of such Institutional Investor Seller.
Sellers’ Representative	3F., No. 345, Xinhua 2 nd Road, Neihu Dist. Taipei 114, Taiwan	[*****]	Dr. Hua Chien Chen

<u>Name of party</u>	<u>Address</u>	<u>Email address</u>	<u>Marked for the attention of</u>
The Company	3F., No. 345, Xinhua 2 nd Road, Neihu Dist. Taipei 114, Taiwan	[****]	Dr. Hua Chien Chen
The Buyer	7/F, K11 Atelier, 728 King's Road, Quarry Bay, Hong Kong	[****]	Danny Yeung and Stephen Lo

20.4 Each Represented Seller agrees and acknowledges that any Notice duly given under this clause 20 to the Sellers' Representative shall be deemed to be given to all of the Represented Sellers.

21. GOVERNING LAW

21.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Hong Kong.

22. DISPUTE RESOLUTION

22.1 Any dispute, controversy or claim arising in any way out of or in connection with this Agreement (including: (1) any issue regarding contractual, pre-contractual or non-contractual rights, obligations or liabilities; and (2) any issue as to the existence, validity, breach or termination of this Agreement) (a "**Dispute**") shall be referred to and finally resolved by binding arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with such Rules (the "**Rules**"). The Rules are deemed to be incorporated by reference into this clause and as may be amended by the rest of this clause.

22.2 The arbitration shall be conducted as follows:

22.2.1 The arbitration tribunal ("**Tribunal**") shall consist of three (3) arbitrators. The claimant(s) and the respondent(s) shall each nominate one (1) arbitrator, and the two (2) arbitrators thus appointed shall nominate the third arbitrator who shall be the presiding arbitrator; if the claimant(s) or the respondent(s) fails to appoint the arbitrator within fourteen (14) days of a request to do so from the other party(ies), or if the two (2) arbitrators fail to nominate the third arbitrator within fourteen (14) days after the appointment of the second arbitrator, the appointment shall be made, upon request of a party, by the HKIAC in accordance with the Rules.

22.2.2 The seat of the arbitration shall be Hong Kong. This clause 22 shall be governed by the laws of Hong Kong.

22.2.3 The language of the arbitration proceedings shall be English.

22.2.4 Any award of the Tribunal shall be made in writing and shall be final and binding on the parties from the day it is made. The parties undertake to carry out any award without delay.

22.2.5 The parties waive any right to apply to any court of law and/or other judicial authority to determine any preliminary point of law and/or review any question of law and/or the merits, insofar as such waiver may validly be made. The parties shall not be deemed, however, to have waived any right to challenge any award on the ground that the Tribunal lacked substantive jurisdiction and/or on the ground of serious irregularity affecting the Tribunal, the proceedings or the award to the extent allowed by the law of the seat of arbitration. Nothing in this clause 22 shall be construed as preventing any party from seeking conservatory or interim relief from any court of competent jurisdiction.

23. GOVERNING LANGUAGE

23.1 This Agreement is drawn up in the English language. If this Agreement is translated into another language, the English language text prevails.

23.2 Each Notice, demand, request, statement, instrument, certificate, document, information or other communication given, delivered, supplied or made by a party to any other party under or in connection with this Agreement shall be:

23.2.1 in English; or

23.2.2 if not in English, accompanied by an English translation made by a translator, and certified by such translator to be accurate.

23.3 The receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to clause 23.2.2.

24. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original and all of which together evidence the same agreement.

**SCHEDULE 1
SELLERS**

[***]

**SCHEDULE 2
INFORMATION ABOUT THE COMPANY
AND THE SUBSIDIARIES**

**PART A
THE COMPANY**

Name of company and registered number	ACT Genomics Holdings Company Limited (No. MC-336039)
Place of incorporation	Cayman Islands
Company Type	Exempted Company with Limited Liability
Date of incorporation	20 April 2018
Directors	<ol style="list-style-type: none">1. Tony Shu Kam Mok2. Hua Chien Chen3. Yiu Keung Chan4. Maria LL Chiang5. CDIB Capital Healthcare Ventures Limited6. I-Chang Chow7. CLSACP Holdings Ltd.8. Hotung Venture Capital Corporation9. Shu Jen Chen10. Louie, Siu Keung Chris
Company secretary	N/A
Registered Office	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Issued Share Capital	<ul style="list-style-type: none">• 92,487,411 Investor Ordinary Shares of par value of US\$0.0001 each• 27,834,960 Existing Shareholder Ordinary Shares of par value of US\$0.0001 each <p>33,107,244 Other Ordinary Shares of par value of US\$0.0001 each</p>

Shareholders

1. Chen Hua Chien
2. Hsueh, Po-Jen
3. Hsu, Tsung-Shih
4. Lee, Wen Hung
5. Tsung-Kai Wu
6. Chen, Shu-Jen
7. Huang, Ho-Chih
8. Chi Ying Hsu
9. Wu, Ko-Wen
10. Weng, Ming-Sheng
11. Wu, Tsai-Yun
12. Lu, Yen-Jung
13. Liu, Ming Shiuan
14. Lu Po Sung
15. Chen Yi Hsuan
16. Chen Kuan-Ying
17. Hong, Huei-Chueh
18. Chen, Yo-Chin
19. Hsu, Ming-Chu
20. Chung, Tien-Kuen
21. Huang, Shih-Chien
22. John Fenyu Jin
23. Sung-Hsien Huang

24. Hsu An
25. Wu, Ping-Fang
26. Chen Chien-Hung
27. Sun, Yi-Ching
28. Ai, Hsin-Hsin
29. Wei, Terng-Lih
30. Wang, Shan-Shan
31. Hsieh, Pi-Lien
32. Wang, Ying-Mei
33. Chen, Li-Chiu
34. Wang Hsiang-Li
35. Eminent II Venture Capital Corporation
36. Hotung Venture Capital Corporation
37. Hua Nan Venture Capital Co., Ltd.
38. Fortune Venture Capital Corporation
39. Hsieh, Chi-Yin
40. Wang, Ching-Ju
41. Yang, Ming-Ying
42. Chen, Chun-Kai
43. Lai Shu Jung
44. Hsu, Ching-Hung
45. Chiu, Lu Ting
46. Chu, Hsuan-Yih
47. Tseng, Chiung-Ying
48. Chang, Teng-Yuan
49. Wang, Chih-Li

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50. Shih, Ya-Feng
 51. Pan, May-Chun
 52. Hsu, Chen-Yun
 53. Wei, Shu-Ching
 54. Tseng, Li-Wei
 55. Chang, Yi-Feng
 56. Chou, Yu-Wei
 57. Chou, Wan-Ju
 58. Chang Chuan-Yueh
 59. Li, Tsai-Ling
 60. Lin, Yu-Hui
 61. Jian Siao-Cheng
 62. Kung, Hui-Ping
 63. Tsai, Chun-Miao
 64. Wu, Li-Chun
 65. Chen, Chen-Yi
 66. Tseng, Mei-Chia
 67. Huang, Tsai-Yun
 68. Nina Lapke
 69. Wu, Yi-Jiun
 70. Lee Wen-Tsao
 71. Li, Kun-Lin
 72. Lin, Pei-Yi
 73. Lin, Ting-Yu
 74. Lin, Chia-Wen
 75. Lin, Hui-Chen

76. Hsu, Chieh-Yi
77. Yuan Chung Kao
78. Kuo, Hui-Chun
79. Chun-Hsiang Chen
80. Chen, Hung-Ling
81. Tan Kien Thiam
82. Liao, Yun-Ru
83. Chao Wei-chen
84. Chi, Bei-Ching
85. Liu, Shang-Yun
86. Jen-Hao Cheng
87. Cheng, Su-Wen
88. Tsung-Chieh Hsieh
89. Yuh-Sung Ting
90. Chen, Chien-Ho
91. Yang, Szu-Tung
92. Chen, Yi-Wen
93. Chen, Yi-Fan
94. Chen, Yueh-Ying
95. CDIB Capital Healthcare Ventures Limited
96. Yuan-Xiang Investment Corp.
97. Wang, Chia-Chi
98. Tse Ka Po
99. Chang, Yu-Hua
100. Huang, Ying-Hui
101. Lee, Chun-Yi

102. Sun, Chin-Feng
103. Shih, Li-Hua
104. Lu, Yun-Fu
105. Maxpro Investment Co., Ltd.
106. Lai, Yu-Hao
107. Chen, Pao-Mei
108. Lai, Shu-Chen
109. Chan, Wen-Kung
110. Chen, Wei-Yi
111. Chang Ya Ling
112. Shih, Kuei-Fang
113. Lin, Man-Tung
114. Hsieh, Pi-Hsia
115. Huang, Chien-Chin
116. Lo, Pei-Chi
117. Wang, I-Ping
118. Lin, Yung-Yuan
119. Lo, Chi-Chih
120. Chou, Shih-Wen
121. Chen, Shou-Hsun
122. Hsieh, Cheng-Chung
123. Lo, Yu-Shan
124. Chang, Chih-Jung
125. Liu, Hung-Chung
126. Wu, Kai-Di
127. Wei, Datsen

128. Huang, Chi Hung
129. Graceful Life Limited
130. CAVALLI ENTERPRISES INC.
131. CVF NINE Limited
132. JAFCO Asia Technology Fund VII Pte. Ltd.
133. PixArt Investment (Samoa) Ltd.
134. Prestige Noble Limited
135. SERES INVESTMENTS LIMITED
136. U Think Limited
137. Unique Life Limited
138. UVM 3 VENTURE INVESTMENTS LP acting through its General Partner UOB Bioventures Management Pte Ltd
139. Wealth Power Asia Investment Limited
140. Chan Yiu Keung
141. Liu Kwok Wai
142. Ample Pacific Development Limited
143. Tsai, Wan-Chuan
144. Chen, Shu-Jung
145. Hsu, Tseng-Hsien
146. Chen, Chi-Jui
147. Yu, I Ting
148. Yi-Wei Lin
149. Kai-Che Tung
150. Chen, Chiu-Chin
151. Wei-Wei Chiang
152. Yang, Szu Yi
153. Chen Bo Shau

154. Chen Hui-shan
155. YenTing Liu
156. Yi-Ting Yang
157. Hsu Ching Yi
158. Hsu Chih Hao
159. Allen Lai
160. Lee Yuan
161. Aflac Ventures LLC
162. Canon Medical Systems Corporation
163. Innovation Kyoto 2016 Limited Liability Partnership
164. Ng Po Kay Andy
165. YUNG Lap Hang
166. Eliza Jayne McCoy
167. Donald William Lennox Skinner
168. TANG Ka Yee Miranda
169. Chan Cheuk Wing Andy
170. Drive Catalyst SPC
171. Primus Braginskii Limited
172. KUI Yee Lun Gordon
173. CHOW, I-Chang
174. Empire Partners Investments Limited
175. Koon, Say Ming William
176. Chien Yu Yang
177. Global Logistic Investment Limited
178. Peter Maguire
179. Susan Maguire

180. Ian Crosby
181. Joanne Crosby
182. John Culkin
183. Andrew Williamson
184. BAG Diagnostics GmbH
185. Chuin-Ju Hsieh
186. Chen Tsui Fang
187. Keen Hunter Limited
188. Sy Ming Yiu
189. Lee Hon Nam
190. Lo Pui Ying
191. Zhong Jiefu
192. Chan Wai Lung
193. Wong Hoi Ting
194. Cheung Yiu Wai
195. Lee Wai Chung Kristy
196. Ting Ling Yin
197. Wu Shu Ting
198. Somruethai Wongwirattana
199. Ng Pui Keung
200. CTGA Limited
201. Techno-Novum Limited
202. Premium Alpha Limited
203. Hongkong Berry Genomics Co., Limited
204. Lucky Ventures Capital Limited
205. Chuang's China Capital Limited

206. Grand Bond Investments Limited
207. Wang, Ko-Li
208. Wang, Yu Chen
209. Kuan-Han Lin
210. Hsu, Shan-Hu
211. Tzu-wei Kuo
212. Kuo Yi-Tsen
213. Genda Chen
214. Pei-Ning Yu
215. Huang Yi
216. Huang, Wan-Ting
217. Ling-Yi Huang
218. Yang, Pei-Jia
219. Peng Hsuan Liu
220. Kuan-Yu, Liu
221. Hsiao, Hong-Kung
222. Chung, Yu-Han
223. Chung, Pei-Fang
224. Timothy Tak-Chun Yip
225. Poon Song Ling
226. Wu Chin-Fang
227. Yu Lin
228. Ying-Ja Chen
229. Wang, Lien-Tu
230. Seo Tho Wee Siang
231. Cassian Yee
232. Yeung Tze Shan

Accounting Reference Date

31 December

PART B
THE SUBSIDIARIES

Name of company and registered number	ACT Genomics Co., Ltd. 行動基因生技股份有限公司 (No. 54650959)
Place of incorporation	Taiwan (R.O.C.)
Company Type	Private Company Limited by Shares
Date of incorporation	25 November 2013
Directors	1. Hua Chien Chen 2. Yiu Keung Chan 3. Shu Jen Chen
Supervisor	HSU CHING SUNG
Company secretary	N/A
Registered Office	3F., No. 345, Xinhua 2nd. Rd., Neihu Dist., Taipei City 11494, Taiwan (R.O.C.)
Issued Share Capital	NTD 455,080,000 of 45,508,000 shares at NTD 10 per share
Shareholders	ACT Genomics Holdings Company Limited (99.92%) 傅威勝 (0.08%)
Accounting Reference Date	31 December

Name of company and registered number	ACT Genomics (Hong Kong) Limited 行動基因(香港)股份 有限公司 (No. 2243121)
Place of incorporation	Hong Kong
Company Type	Private Company Limited by Shares
Date of incorporation	28 May 2015
Directors	1. Yiu Keung Chan 2. Hua Chien Chen
Company secretary	Prosper Pledge Accounting Limited 盈沛會計有限公司
Registered Office	Unit 803, 8/F, Building 15W, 15 Science Park West Avenue, Pak Shek Kok, N.T., Hong Kong
Issued Share Capital	USD 100,000 of 100,000 shares at USD 1
Shareholders	ACT Genomics Holdings Company Limited (100%)
Accounting Reference Date	31 December
Name of company and registered number	ACT Genomics (Singapore) Pte. Ltd. (No. 201536840C)
Place of incorporation	Singapore
Company Type	Private Company Limited by Shares
Date of incorporation	6 October 2015
Directors	1. Hua Chien Chen 2. Yiu Keung Chan 3. Florensia Leovanny Liong
Company secretary	Florensia Leovanny Liong
Registered Office	1 Phillip Street, #09-00, Royal One Philip, Singapore 048692
Issued Share Capital	SGD 2,785,000 of 2,785,000 shares at SGD 1 per share
Shareholders	ACT Genomics Holdings Company Limited (100%)
Accounting Reference Date	31 December

Name of company and registered number	ACT Genomics Japan Co., Ltd. アクトゲノミクス株式会社 (No. 0104-01-130615)
Place of incorporation	Japan
Company Type	Private Company Limited by Shares
Date of incorporation	29 March 2017
Directors	1. Hua Chien Chen 2. Yiu Keung Chan
Company secretary	N/A
Registered Office	TTD Building, No. 18, Sanada Ichome, Minato-ku, Tokyo 東京都港区三田一丁目 2 番 18 号 TTD ビル
Issued Share Capital	JPY 20,000,000
Shareholders	ACT Genomics Holdings Company Limited (100%)
Accounting Reference Date	31 December
Name of company and registered number	ACT Biotechnology Shanghai Ltd 艾序特生物科技(上海)有限公司 (No. 91310115MA1K3GW86P)
Place of incorporation	People's Republic of China
Company Type	Private Company Limited by Shares
Date of incorporation	21 September 2016
Directors	Hua Chien Chen

Legal Representative	Hua Chien Chen
Registered Office	Room 313-34, Floor 3, No. 38, Heidelberg Road, Shanghai Free Trade Zone, Shanghai, China 中国(上海)自由贸易试验区德堡路 38 号 1 幢 3 层 313-34 室
Issued Share Capital	CNY 10,000,000
Shareholders	ACT Genomics (Hong Kong) Limited (100%)
Accounting Reference Date	31 December
Name of company and registered number	ACT Genomics (IP) Limited 行動基因(智財)有限公司 (No. 2839434)
Place of incorporation	Hong Kong
Company Type	Private Company Limited by Shares
Date of incorporation	11 June 2019
Directors	1. Yiu Keung Chan 2. Hua Chien Chen
Company secretary	Golden Mean Accounting Limited 中正會計有限公司
Registered Office	Unit 803, 8/F, Building 15W, 15 Science Park West Avenue, Pak Shek Kok, N.T., Hong Kong
Issued Share Capital	HKD 10,000 of 10,000 shares at HKD 1 per share
Shareholders	ACT Genomics Holdings Company Limited (100%)
Accounting Reference Date	31 December

Name of company and registered number	ACT Genomics HK Lab Limited (No. 2848931)
Place of incorporation	Hong Kong
Company Type	Private Company Limited by Shares
Date of incorporation	5 July 2019
Directors	1. Yiu Keung Chan 2. Hua Chien Chen 3. Hoi Ki Ku
Company secretary	Golden Mean Accounting Limited 中正會計有限公司
Registered Office	Unit 803, 8/F, Building 15W, 15 Science Park West Avenue, Pak Shek Kok, N.T., Hong Kong
Issued Share Capital	HKD 10,000 of 10,000 shares at HKD 1 per share
Shareholders	ACT Genomics (Hong Kong) Limited (100%)
Accounting Reference Date	31 December
Name of company and registered number	ACT Biotechnology (Suzhou) Co. Ltd. 艾序特生物科技(苏州)有限公司 (No. 91320594MA1WTD8961)
Place of incorporation	People's Republic of China
Company Type	Private Company Limited by Shares
Date of incorporation	2 July 2018
Directors	Hua Chien Chan
Legal Representative	Hua Chien Chan
Registered Office	Unit 7, 5th Floor, Building 22, 388 Xinping Street, Suzhou Industrial Park, Suzhou, China 中国苏州工业园区新平街 388 号 22 幢 5 层 07 单元

Issued Share Capital	CNY 10,000,000
Shareholders	ACT Biotechnology Shanghai Ltd (100%)
Accounting Reference Date	31 December
Name of company and registered number	AI Technology (Suzhou) Co., Ltd. 艾序诺科技 (苏州) 有限公司 (No. 91320594MA1WX6864C)
Place of incorporation	People's Republic of China
Company Type	Private Company Limited by Shares
Date of incorporation	19 July 2018
Directors	Hua Chien Chan
Legal Representative	Hua Chien Chan
Registered Office	Unit 7, 5th Floor, Building 22, 388 Xinping Street, Suzhou Industrial Park, Suzhou, China 中国苏州工业园区新平街 388 号 22 幢 5 层 07 单元
Issued Share Capital	CNY 10,000,000
Shareholders	ACT Biotechnology (Suzhou) Co. Ltd. (100%)
Accounting Reference Date	31 December
Name of company and registered number	MC Diagnostics Limited (No. 05843597)
Place of incorporation	England and Wales
Company Type	Private Company Limited by Shares
Date of incorporation	12 June 2006

Directors	<ol style="list-style-type: none"> 1. Yiu Keung Chan 2. Hua Chien Chen 3. Ian Crosby 4. Peter Michael Maguire 5. Lap Hang Yung
Company secretary	The company has no company secretary.
Registered Office	Unit 5 Optic Technium, Ffordd William Morgan, St Asaph, Denbighshire, LL17 0JD
Issued Share Capital	GBP 1,164 of 1,164 shares at GBP 1 per share
Shareholders	ACT Genomics Holdings Company Limited (100%)
Accounting Reference Date	31 December
Name of company and registered number	AM Robotics 2018 Ltd (No. 11173912)
Place of incorporation	England and Wales
Company Type	Private Company Limited by Shares
Date of incorporation	29 January 2018
Directors	<ol style="list-style-type: none"> 1. Peter Michael Maguire 2. Adrian Charles McQuillan
Company secretary	The company has no company secretary.
Registered Office	Unit 5, Optic Technium, Unit 5, Optic Technium, Ffordd William Morgan, St. Asaph, Denbighshire LL17 0JD, United Kingdom
Issued Share Capital	GBP 100 of 100 shares at GBP 1 per share
Shareholders	MC Diagnostics Limited (80%) Adrian Charles McQuillan (20%)

Accounting Reference Date	31 December
Name of company and registered number	Sanomics Holdings Limited (No. 1972173)
Place of incorporation	British Virgin Islands
Company Type	Private Company Limited by Shares
Date of incorporation	6 March 2018
Directors	<ol style="list-style-type: none"> 1. Tony Shu Kam Mok 2. Hua Chien Chen 3. Yiu Keung Chan
Company secretary	The company has no company secretary.
Registered Office	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Issued Share Capital	The Company is authorised to issue a maximum of 2,000,000 no par value shares of a single class, 911,681 of which have been issued and outstanding.
Shareholders	ACT Genomics Holdings Company Limited (100%)
Accounting Reference Date	31 December
Name of company and registered number	Sanomics Limited 善覓有限公司 (No. 2206533)
Place of incorporation	Hong Kong
Company Type	Private Company Limited by Shares
Date of incorporation	26 February 2015

Directors	<ol style="list-style-type: none"> 1. Yiu Keung Chan 2. Hua Chien Chen 3. Hoi Ki Ku
Company secretary	Eastpark Holdings Limited 東岸集團有限公司
Registered Office	Unit 318, Biotech Centre 2, No. 11 Science Park West Avenue, Hong Kong Science Park, Shatin, Hong Kong
Issued Share Capital	HKD 500,000 of 500,000 shares at HKD 1 per share
Shareholders	Sanomics Holdings Limited (100%)
Accounting Reference	31 December
Date	
Name of company and registered number	Sanomics (Thailand) Limited (No. 0105561133747)
Place of incorporation	Thailand
Company Type	Private Company Limited by Shares
Date of incorporation	6 August 2018
Directors	<ol style="list-style-type: none"> 1. Tony Shu Kam Mok 2. Man Wa Lam 3. Ling Yin Ting 4. Hua Chien Chen 5. Yiu Keung Chan
Company secretary	N/A
Registered Office	No.4, 4/5 Unit 1503, Unit 1509, Central Tower, 15th Floor, Ratchadamri Road, Pathumwan Sub-district, Pathumwan District, Bangkok Metropolis, Thailand
Issued Share Capital	Baht 28,000,000 divided into 28,000 shares, each with a par value of Baht 1,000

Shareholders	<ol style="list-style-type: none"> 1. Sanomics Limited (27,998 shares) 2. Hua-Chien Chen (1 share) 3. Yiu Keung Chan (1 share)
Accounting Reference Date	31 December
Name of company and registered number	ACT Medical Instrument Co., Ltd. 行動基因醫療器材股份有限公司 (No. 90874222)
Place of incorporation	Taiwan (R.O.C.)
Company Type	Private Company Limited by Shares
Date of incorporation	12 April 2021
Directors	Hua Chien Chen
Company secretary	N/A
Registered Office	10F.-1, No. 6, Ln. 180, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City 114 , Taiwan (R.O.C.)
Issued Share Capital	NTD 1,000,000 of 100,000 shares at NTD 10 per share
Shareholders	ACT Genomics Co., Ltd. (100%)
Accounting Reference Date	31 December

SCHEDULE 3
COMPLETION REQUIREMENTS

1. Sellers' obligations

- 1.1 At Completion, the Sellers shall deliver or procure to be delivered to the Buyer (unless otherwise indicated below, copies of each item):
- 1.1.1 duly executed instrument(s) of transfer in respect of the Sale Shares in favour of the Buyer or its nominee(s);
 - 1.1.2 as evidence of the authority of each person executing a document referred to in this Schedule 3 on any Seller's behalf:
 - (a) a copy of the minutes of a duly held meeting of the directors of such Seller (or a duly constituted committee thereof) authorising the execution by such Seller of the document and, where such execution is authorised by a committee of the board of directors of such Seller, a copy of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof; or
 - (b) a copy of the power of attorney conferring the authority.

2. Company's and Warrantors' obligations

- 2.1 At Completion, the Company shall, and the Warrantors shall procure that the Company shall, deliver or procure to be delivered to the Buyer (unless otherwise indicated below, copies of each item):
- 2.1.1 evidence in a form satisfactory to the Buyer (by way of a certificate signed by the chief executive officer of the Company) of satisfaction of the Conditions;
 - 2.1.2 copies of any waiver, consent, release or other document necessary to give the Buyer or its nominee(s) full legal and beneficial ownership of the Sale Shares (or appropriate negative written confirmation);
 - 2.1.3 a certified true copy of the updated register of members of the Company, reflecting the Buyer as a shareholder;
 - 2.1.4 a certified true copy of the updated register of directors of the Company, reflecting the director changes outlined in paragraphs 2.3.2 and 2.3.3 of this Schedule 3;
 - 2.1.5 new share certificate(s) for the Sale Shares in the name of the Buyer;
 - 2.1.6 the Amended Shareholders' Agreement duly executed by the parties thereto (other than the Buyer);
 - 2.1.7 the Sanomics Settlement Deed duly executed by the parties thereto (other than the Buyer);

- 2.1.8 the Disclosure Letters duly executed by the parties thereto (other than the Buyer);
 - 2.1.9 the Convertible Bond duly executed by the Company;
 - 2.1.10 (if not already delivered) a copy of the shareholders' resolutions or minutes of a meeting of the shareholders of the Company certified by the chief executive officer of the Company duly held at which the shareholders of the Company approved:
 - (a) the Amended Shareholders' Agreement in the agreed form; and
 - (b) the Amended Articles in the agreed form;
 - 2.1.11 resignations in the agreed form from the relevant directors and if applicable, company secretary of each Group Company (to be identified and agreed between the Company and the Buyer prior to Completion) expressed to take effect on the Completion Date;
 - 2.1.12 a copy of each bank mandate of each Group Company and copies of statements of each bank account of each Group Company made up to a date not earlier than two (2) Business Days before the Completion Date; and
 - 2.1.13 certified copies of the Accounts and the Management Accounts.
- 2.2 Further, the Company and the Warrantors shall ensure or procure that:
- 2.2.1 the company chop, common seal (if any) of each Group Company, each register, statutory book, minute book, financial and accounting books and other books required to be kept by each Group Company under Applicable Laws made up to the Completion Date, and each certificate of incorporation and certificate of incorporation on change of name, business registration certificate, and all documents and papers in connection with the affairs of each Group Company and all documents of title to assets of each Group Company; and
 - 2.2.2 share certificates for all issued shares in the capital of each Group Company (other than the Company), shall be kept at the principal business office of the Company at Completion for inspection by the Buyer or its advisers.
- 2.3 Each of the Sellers who have appointed directors to the board of directors of the Company shall procure that the directors appointed by it shall, at a meeting of the board of directors of the Company duly held on the Completion Date (which shall include at least six (6) members of the board), vote in favour of resolutions to:
- 2.3.1 approve the transfer of the Sale Shares and the registration of the Buyer as a member of the Company in respect of the Sale Shares;
 - 2.3.2 appoint the Prenetics Directors, the Management Director and the Minority Director (as such terms defined in the Amended Shareholders' Agreement) of the Company with effect from Completion;

- 2.3.3 accept the resignations of the relevant directors of the Company (to be identified and agreed between the Company and the Buyer prior to Completion) with effect from Completion;
 - 2.3.4 approve the issuance of the Convertible Bond;
 - 2.3.5 approve the issuance of 7,718,696 Investor Ordinary Shares in the Company to the Sanomics Sellers pursuant to the Sanomics Settlement Deed immediately prior to Completion; and
 - 2.3.6 approve and authorise the Company's execution of the Transaction Documents (to the extent it is a party), or to pass written board resolutions of the Company approving the same.
- 2.4 The Sellers shall, at the general meeting of the Company duly held on or prior to the Completion Date, vote in favour of resolutions to approve the adoption of the Amended Articles from Completion and to approve the Amended Shareholders' Agreement or to pass written shareholder resolutions of the Company to approve the same.
- 2.5 The Company and the Warrantors shall deliver or procure the delivery to the Buyer a copy of the above board and shareholder resolutions of the Company certified by the chief executive officer of the Company.
- 2.6 If required by the Buyer, the Sellers who have appointed directors to the board of directors of the Company shall procure and ensure that, immediately after the board resolutions referred to in paragraph 2.3 are passed, board resolutions of each Group Company other than the Company are passed to deal with any matter referred to in paragraph 2.3 as applicable to the relevant Group Company.

3. **Buyer's obligations**

3.1 At Completion, the Buyer shall:

3.1.1 pay or cause to be paid to each Seller the Purchase Price and Cash Incentive Payment as follows:

- (a) in respect of the Consideration Shares, allot and issue such number of Consideration Shares to each Consideration Shares Seller as set out opposite his/her/its name in column (E) of Schedule 1, credited as fully paid free from any Encumbrance, and shall provide a copy of the extract of its register of members on the Completion Date showing the registration of each such Seller as the registered owner of such Consideration Shares, and
- (b) in respect of the Cash Incentive Payment, irrevocably instruct its bank to pay to each relevant Seller or Sanomics Seller such portion of the Cash Incentive Payment as set out opposite his/her/its name in column (D) of Schedule 1 by transfer of funds for same day value to his/her/its Designated Bank Account and deliver to each such Seller or Sanomics Seller a copy of such irrevocable payment instructions;

- 3.1.2 as evidence of the authority of each person executing a document referred to in this Schedule 3 on the Buyer's behalf:
- (a) a copy of the minutes of a duly held meeting of the directors or written board resolutions of the Buyer (or a duly constituted committee thereof) authorising the execution by the Buyer of the document and, where such execution is authorised by a committee of the board of directors of the Seller, a copy of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof or written resolutions of such committee; or
 - (b) a copy of the power of attorney conferring the authority;
- 3.1.3 deliver or procure to be delivered to the Company:
- (a) the Amended Shareholders' Agreement duly executed by the Buyer;
 - (b) the Sanomics Settlement Deed duly executed by the Buyer; and
 - (c) the Disclosure Letters duly executed by the Buyer.

**SCHEDULE 4
WARRANTIES**

Part A: Fundamental Warranties

1. Title and Capacity

1.1 Authority and Capacity

- 1.1.1 Each Seller (to the extent it is a company) is validly existing and is a company duly incorporated under the law of its jurisdiction of incorporation.
- 1.1.2 Each Seller has the legal right and full power and authority and has taken all action necessary to enter into and perform this Agreement and the other Transaction Documents to be executed by it.
- 1.1.3 The Transaction Documents to which any Seller is a party will, when executed, constitute valid and binding obligations on such Seller in accordance with their respective terms.
- 1.1.4 The execution, delivery and performance by each Seller of this Agreement and the other Transaction Documents (to the extent that such Seller is a party to such Transaction Document) do not and will not result in a breach of (a) any provision of its constitutional documents (to the extent it is a company), (b) any Applicable Laws or regulations or any order, judgment or decree of any court, arbitral tribunal or Government Authority, and/or (c) any agreement or arrangement to which it is party or by which its assets are bound.

1.2 Sale Shares

- 1.2.1 Each Seller:
 - (a) is the legal and beneficial owner of the Sale Shares set out opposite its name in column (B) of Schedule 1 (as at the date of this Agreement) and column (C) of Schedule 1 (as at the Completion Date); and
 - (b) has the right to exercise all voting and other rights over the Sale Shares set out opposite its name in column (B) of Schedule 1 (as at the date of this Agreement) and column (C) of Schedule 1 (as at the Completion Date).
- 1.2.2 The Sale Shares have been properly and validly issued and are each fully paid.
- 1.2.3 There are no Encumbrances, and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to the Sale Shares. No person has claimed to be entitled to an Encumbrance in relation to any of the Sale Shares.
- 1.2.4 No third party and regulatory consents or notifications, including the approval of or notification to any Government Authority, Tax Authority, court, arbitral tribunal, regulatory body or administrative body, are or will be required or desirable for the transfer of the Sale Shares or any interest in or part thereof to the Buyer.

1.2.5 The particulars contained in Schedule 2 are true, accurate and not misleading as at the date of this Agreement.

1.3 Sellers' Status and Investment Intent

- 1.3.1 Each Seller has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in Prenetics Shares. Each Seller is capable of bearing the economic risks of such investment, including a complete loss of its investment.
- 1.3.2 Each Seller is acquiring the relevant Prenetics Shares that it is purchasing pursuant to this Agreement for investment for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof in a manner that would violate the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**").
- 1.3.3 Each Seller acknowledges that the Prenetics Shares are "restricted securities" that have not been registered under the Securities Act or any applicable state securities law. Each Seller further acknowledges that, absent an effective registration under the Securities Act, the Prenetics Shares may only be offered, sold or otherwise transferred to (i) the Buyer, (ii) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act or (iii) pursuant to an exemption from registration under the Securities Act.
- 1.3.4 Each Seller acknowledges that he or she is not a "U.S. Person" as defined in Rule 902 of Regulation S.
- 1.3.5 Each Seller is acquiring the Prenetics Shares in an offshore transaction executed in reliance upon the exemption from registration provided by Regulation S under the Securities Act.
- 1.3.6 No Seller is or was in the past five (5) years a Government Official.

1.4 No Registration

Assuming the accuracy of the representations and warranties set forth in this Agreement, it is not necessary in connection with the issuance and sale of the Sale Shares to register the Sale Shares under the Securities Act or to qualify or register the Sale Shares under applicable U.S. state securities laws. No directed selling efforts (as defined in Rule 902 of Regulation S under the Securities Act) have been made by any of the Sellers, any of their respective affiliates or any person acting on its behalf with respect to any Sale Shares; and none of such persons has taken any actions that would result in the sale of the Sale Shares to the Buyer under this Agreement requiring registration under the Securities Act; and the Company is a "foreign issuer" (as defined in Regulation S).

Part B: ACT Warranties

2. Corporate

2.1 Group Companies

- 2.1.1 The Group Companies are exempted limited liability companies, limited companies or companies limited by shares (as applicable) duly incorporated under the laws of their respective jurisdiction of incorporation and have been in continuous existence since incorporation.
- 2.1.2 There are no Encumbrances, and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to any of the shares or unissued shares in the capital of each Group Company.
- 2.1.3 Other than this Agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, transfer, redemption or repayment of, a share in the capital of a Group Company (including, in each case, an option or right of pre-emption or conversion).
- 2.1.4 No Group Company has any interest in, or has agreed to acquire, any share capital or other security in any other company other than the Group Companies.
- 2.1.5 Save for the Company, CERBACT JVCo, CERBACT Asia Holdings Pte. Ltd. Taiwan Branch, AM Robotics 2018 Ltd., ACTMed Co., Ltd., ACT Genomics Co., Ltd. and Sanomics (Thailand) Limited, the allotted and issued share in the capital of each Group Company is legally and beneficially owned by a Group Company alone, has been properly allotted and issued and is fully paid or credited as fully paid.
- 2.1.6 The structure and the details of the Group as set out in Schedule 2 are true, accurate and not misleading. Except as set out in Schedule 2, no Group Company has any other subsidiary.
- 2.1.7 All actions carried out in connection with any corporate restructuring or reorganisation undertaken by any Group Company were in compliance with any and all Applicable Laws in all material respects. No objection has been received, nor is there any expectation that an objection will be received, from any person (including any credit, contract counterparty, customer or supplier of the Group) and no Group Company shall be liable for loss of any kind (including Tax liability) arising out of or in connection with such restructuring or reorganisation.
- 2.1.8 All obligations arising out of the Sanomics Acquisition and MCD Acquisition have been fully and timely complied with and there are no outstanding obligations or liabilities on any Group Company connected with such transactions.

2.2 Constitution, Registers and Returns

- 2.2.1 Each of the Group Companies is operating and has always operated its business in all respects in accordance with its memorandum and articles of association at the relevant time.
- 2.2.2 Each register, minute book and other book which each of the Group Companies is required by law to keep has been properly kept and contains a true, accurate and not misleading record of the matters which it is required by Applicable Laws to record in all material respects. No notice has been received that a register or book is incorrect or should be rectified (other than changes to the members' English names and addresses in the Company's register of members).
- 2.2.3 All returns, particulars, resolutions and other documents required to be delivered or registered by the Group Companies to or with any Government Authority have been properly prepared and delivered in all material respects.
- 2.2.4 No Group Company has given a power of attorney or other authority by which a person may enter into an agreement, arrangement or obligation on such Group Company's behalf (other than an authority for a director, other officer or employee to enter into an agreement in the usual course of that person's duties).

2.3 Effect of Transaction

- 2.3.1 Neither the execution nor the performance of this Agreement or any document to be executed at or before Completion will:
 - (a) result in any Group Company losing the benefit of an asset, grant, subsidy, right or privilege which it enjoys as at the date of this Agreement;
 - (b) cause any person who normally does business with or gives credit to any Group Company not to continue to do so on the same basis; or
 - (c) prejudicially affect the attitude or action of customers, suppliers, employees and other persons with regard to any Group Company where it could reasonably be expected to have a material and adverse effect on any Group Company or its business.
- 2.3.2 Neither the execution nor the performance of this Agreement or any document to be executed at or before Completion will conflict with, result in a breach of, give rise to an event of default under, require the consent of a person under, enable a person to terminate, or relieve a person from an obligation under any agreement or arrangement to which any Group Company is a party or any legal or administrative requirement by which any Group Company is bound.

2.4 No Leakage

- 2.4.1 Between the Last Accounting Date and the date of this Agreement:
 - (a) no dividend or other distribution of profits or assets has been declared, paid or made by any Group Company or would be treated as having been paid or made by any Group Company to or for the benefit of any Seller or any Seller Affiliate;

- (b) no payment has been made by or on behalf of a Group Company to or for the benefit of any Seller or any Seller Affiliate;
- (c) no share or loan capital or other securities of any Group Company has been redeemed, repurchased or repaid or results in a payment to or an agreement or obligation to make a payment to any Seller or any Seller Affiliate;
- (d) no amount, liability or obligation owed to any Group Company by any Seller or any Seller Affiliate has been waived or forgiven or discounted;
- (e) no asset, right or other benefits has been transferred by any Group Company to any Seller or any Seller Affiliate;
- (f) no liabilities have been assumed or incurred (or any indemnity given in respect thereof) by any Group Company for the benefit of any Seller or any Seller Affiliate;
- (g) no Encumbrance has been created over any of the assets of any Group Company in favour of or for the benefit of any Seller or any Seller Affiliate;
- (h) no management, monitoring or other shareholder or directors' fees or bonuses or payments of a similar nature have been paid by or on behalf of any Group Company to or for the benefit of any Seller or any Seller Affiliate, except that the payment of such fees or bonuses is consistent with past practice;
- (i) no costs or expenses of any Seller or any Seller Affiliate relating to the transactions contemplated by the Transaction Documents (to any person), or to the other transactions contemplated by this Agreement (including any professional advisers' fees and any transaction or sale bonuses or other payments payable as a result of the completion of the sale of the Sale Shares (to any person)), have been paid or incurred, by or on behalf of any Group Company to or on behalf of any Seller or any Seller Affiliate;
- (j) no Group Company has amended the terms of its borrowing or indebtedness in the nature of borrowing owed by it to any Seller or any Seller Affiliate or for the benefit of any Seller or any Seller Affiliate;
- (k) no payment of exit bonus has been made to any Seller, any Seller Affiliate or any director, employee, representative or consultant of any Group Company, any Seller or any Seller Affiliate as a result of Completion, and no obligation to make such payment will arise as a result of Completion;
- (l) no agreements, understandings or arrangements have been entered into whereby the person directly benefiting from any of the matters referred to in paragraphs 2.4.1(a) to 2.4.1(k) above confers (directly or indirectly) a benefit on a Seller or any Seller Affiliate;

- (m) none of the Sellers nor any Seller Affiliate has agreed or committed to do any of the things set out in paragraphs 2.4.1(a) to 2.4.1(l) above; and
 - (n) no Tax has been or will be paid, payable or agreed to be paid, by any Group Company in connection with any of the matters set out above (and no Tax would be so paid or payable but for the availability of Relief),
- (each item set out in paragraphs 2.4.1(a) to 2.4.1(n) above, a “**Leakage**”).

3. **Information**

- 3.1 All information contained in this Agreement and the Disclosure Letter (including any annex thereof) is true, accurate and not misleading in all material respects, and, to each Warrantor’s knowledge, there is no fact, matter or circumstances which renders any such information untrue, inaccurate or misleading.

4. **Accounts**

4.1 **Accounts**

4.1.1 The Accounts have been prepared:

- (a) in accordance with Applicable Law and with the IFRS at the Last Accounting Date; and
- (b) subject to sub-paragraph (a) above, on a basis consistent with that adopted in preparing the Accounts for each of the financial years or periods to which the Accounts relate.

4.1.2 The Accounts show a true and fair view of the assets, liabilities and state of affairs of each of the Group Companies as at the Last Accounting Date and of the profits and losses and cash flow of each of the Group Companies for the financial years ended on the Last Accounting Date.

4.1.3 **Debts and liabilities**

The Accounts fully disclose and provide adequately for all bad and doubtful debts, all material liabilities (actual, contingent or otherwise) and all material financial commitments of each of the Group Companies existing as at the Last Accounting Date.

4.1.4 **Extraordinary and exceptional items**

The results shown by the audited profit and loss account of each of the Group Companies in the Accounts as of the Last Accounting Date have not (except as disclosed in those accounts) been affected by any extraordinary, exceptional or non-recurring item or by another fact or circumstance making the profit or loss for a period covered by any of those accounts unusually high or low.

4.1.5 **Provision for Tax**

The Accounts reserve or provide in accordance with applicable standards, principles and the IFRS for all Tax liable to be assessed on each of the Group Companies, or for which it is or may become accountable, for all periods starting on or before the Last Accounting Date (whether or not the relevant Group Company has or may have a right of reimbursement against another person). The Accounts reserve in accordance with applicable standards, principles and the IFRS for all material contingent or deferred liabilities to Tax for all periods starting on or before the Last Accounting Date.

4.1.6 **Depreciation**

- (a) The bases and rates of depreciation and amortisation used in the Accounts were the same as those used for each of the financial years to which the Accounts relate.
- (b) The rates of depreciation and amortisation used in Accounts for the financial years to which the Accounts relate were sufficient to ensure that each fixed asset of the relevant Group Company will be written down to nil by the end of its useful life.

4.1.7 **Filing of Accounts**

Each of the Accounts has been duly filed with the appropriate body in each of the relevant jurisdictions the Group Companies operate in or to which they are subject on a timely basis.

4.2 **Management Accounts**

- 4.2.1 The Management Accounts have been prepared with all due care and attention and in accordance with accounting policies used in preparing the Accounts applied on a consistent basis and fairly present and disclose with reasonable accuracy the assets, liabilities, financial position and state of affairs of the Group as at (as applicable) the Management Accounts Date in all material respects.
- 4.2.2 The Management Accounts are fair and not misleading and do not materially misstate the assets and liabilities of each of the Group Companies as at the Management Accounts Date and the profits and losses and cash flow of each of the Group Companies for the period concerned.
- 4.2.3 The Management Accounts fully disclose and provide adequately for all bad and doubtful debts, all liabilities (actual, contingent or otherwise) and all financial commitments existing at the Management Accounts Date in all material respects.
- 4.2.4 The Management Accounts are not affected by any unusual, exceptional or non-recurring items.
- 4.2.5 As at the Management Accounts Date, no material liability, obligation or commitment of any nature whatsoever (asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise) existed in relation to any Group Company which was not required to, or permitted not to, be included in the (as applicable) Management Accounts in accordance with applicable accounting policies.

5. **Changes Since the Last Accounting Date**

Since the Last Accounting Date:

- 5.1 the Group's business has been operated in the usual way so as to maintain it as a going concern;
- 5.2 there has been no material change or interruption to the Group's business or operations, no material change in the level of borrowing or in the working capital requirements of the Group, and no material reduction in the cash balance or debtors of the Group;
- 5.3 there has been no Group Company Material Adverse Effect on the Group as a whole and, to each Warrantor's knowledge, there are no facts or circumstances likely to give rise to such a Group Company Material Adverse Effect on the Group as a whole;
- 5.4 no Group Company has declared, paid or made a dividend or distribution to its members;
- 5.5 no Group Company has created, allotted, issued, sold, transferred, acquired, repaid, redeemed, leased, subleased, pledged, encumbered, hypothecated, disposed of or granted share or loan capital or any other securities;
- 5.6 no Group Company has changed its accounting reference date or accounting procedures, policies, principles or practices unless such changes are required pursuant to Applicable Law;
- 5.7 no Group Company has assumed or incurred any material liability (including any contingent liability), obligation, commitment or expenditure other than in the Ordinary Course of Business;
- 5.8 no Group Company has written off or released debts owed to it;
- 5.9 no Group Company has acquired or disposed of or agreed to acquire or dispose of any material asset, or interest in any share, debenture or any other security of any entity, in each case other than in the Ordinary Course of Business;
- 5.10 no liability or contingent liability for Tax has arisen otherwise than as a result of trading activities of the Group in the Ordinary Course of Business;
- 5.11 no material supplier or customer has ceased or substantially reduced its trade with the Group or materially altered the terms under which such suppliers or customers trade to the Group Companies' material disadvantage;
- 5.12 other than pay raises consistent in the Group Companies' Ordinary Course of Business, no change has been made in the emoluments or other terms of employment of any of the employees and the Group Companies have not paid any bonus or special remuneration of more than (a) US\$100,000 per annum to any person, or (b) US\$300,000 per annum to all persons in the aggregate; and

5.13 no Group Company has made an agreement or arrangement or undertaken an obligation to do any of the foregoing.

6. Financial Obligations

- 6.1 Except as disclosed in the Accounts, the Group Companies do not have outstanding and have not agreed to create or incur loan capital, borrowings or indebtedness in the nature of borrowings.
- 6.2 None of the Group Companies is party to and is not liable under any guarantee, indemnity or other agreement to secure or incur a financial or other obligation with respect to another person's obligation, nor has any Group Company factored any of its debts, or engaged in financing of a type which would not be required to be shown or reflected in the Accounts.
- 6.3 To each Warrantor's knowledge, no event has occurred, or has been alleged by notice in writing to a Group Company, to have occurred which:
- 6.3.1 constitutes an event of default, or otherwise gives rise to an obligation to repay, under an agreement relating to borrowing or indebtedness in the nature of borrowing (or will do so with the giving of notice or lapse of time or both); or
- 6.3.2 will lead to an Encumbrance constituted or created in connection with borrowing or indebtedness in the nature of borrowing, a guarantee, an indemnity or other obligation of any Group Company becoming enforceable (or will do so with the giving of notice or lapse of time or both).

7. Assets

7.1 The Properties

- 7.1.1 None of the Group Companies owns any premises, buildings, land or other real property right.
- 7.1.2 All of the premises, buildings, land or other property rights occupied or otherwise used by the Group have been Disclosed in the Disclosure Letter.

7.2 Leases

Where any Property is leased by a Group Company:

- 7.2.1 the requisite details have been Disclosed in the Disclosure Letter and are true and accurate;
- 7.2.2 there is no fact or circumstance (and, to each Warrantor's knowledge, no fact or circumstance will within six (6) months starting on the date of this Agreement occur or arise) which:
- (a) could entitle or require a person (including a landlord or licensor) to forfeit or enter on, or take possession of, or occupy, the relevant Property;

- (b) could restrict or terminate the Group Company's continued and uninterrupted possession or occupation of the relevant Property; or
- (c) could prevent or restrict the relevant Property's development for which planning permission has been or is expected to be obtained;

7.2.3 a rent or fee payable in respect of the relevant Property is not as at the date of this Agreement being reviewed;

7.2.4 the lease of such Property does not contain an unusually onerous covenant or condition including a covenant or condition allowing the landlord or licensor unreasonably to withhold or delay consent to an assignment of the whole or to an application to carry out a non-structural obligation;

7.2.5 the lease of such Property is valid, binding, enforceable and in full force and effect, and the applicable Group Company holds a valid and existing leasehold interest under such Property leases free and clear of any Encumbrances. To each Warrantor's knowledge, there has been no actual termination of any such lease agreement due to any material breach on the part of the applicable Group Company of any covenants, conditions and agreements contained in the agreement; and

7.2.6 all of the rent payable under such Property lease has been paid up to date.

7.3 **Condition of Property**

To each Warrantor's knowledge:

7.3.1 there is no material deficiency which requires correction in the state or condition of any building or other structure on or forming part of any Property; and

7.3.2 no flooding, subsidence or other material defect of any kind (including a design or construction defect) affects or has affected any Property.

7.4 **Properties subject to Leases and Other Agreements**

None of the Group Companies has leased, subleased, licensed or granted occupancy rights in any parcel or any portion of any parcel of the Group's Properties to any other person and no other person has any rights to the use, occupancy or enjoyment thereof pursuant to any lease, sublease, licence, occupancy or other agreement, and none of the Group Companies has assigned its interest under any lease or sublease listed in the Disclosure Letter to any third party. Where any Property is the subject of any lease or other agreement relating to its occupation or use for the benefit of any person other than a Group Company, the requisite details have been Disclosed in the Disclosure Letter.

7.5 **Assets**

7.5.1 All material assets included in the Management Accounts or acquired by a Group Company since the Management Accounts Date, other than the Properties, the rights in Intellectual Property and any assets disposed of or realised in the Ordinary Course of Business, and excepting rights and retention of title arrangements arising by operation of law in the Ordinary Course of Business, are (i) legally and beneficially owned solely by the relevant Group Company; (ii) where capable of possession, in the possession or under the control of the relevant Group Company, and (iii) free from Encumbrances.

- 7.5.2 Each of the Group Companies owns or has the right to use such asset used in and is necessary for the effective operation of its business.
- 7.5.3 No Group Company is party to, nor is liable under, a lease or hire, hire purchase, credit sale or conditional sale or similar agreement.
- 7.5.4 All inventory, machinery, vehicles and equipment owned, possessed or used by the Group Companies are in good condition and working order and have been regularly and properly maintained in all material respects, except for normal wear and tear. None is in need of material renewal or replacement or surplus to such Group Company's requirements, except for routine or regular maintenance works.
- 7.5.5 Each Group Company's inventory or stock (subject to normal wear and tear) is of satisfactory quality and saleable in the Ordinary Course of Business in all material respects.
- 7.5.6 Each material asset of the Group, which is normal to have maintained by independent or specialist contractors, has been regularly maintained to a good technical standard and in accordance with safety regulations required to be observed in relation to it.

7.6 Debts

- 7.6.1 No debt shown in the Accounts, the Management Accounts or a Group Company's accounting records is overdue by more than twelve (12) weeks] or is the subject of an arrangement.
- 7.6.2 No Group Company has released a material debt shown in the Accounts, the Management Accounts or its accounting records so that the debtor has paid or will pay less than the debt's book value. None of the material debts shown in the Accounts, the Management Accounts or a Group Company's accounting records has been deferred, subordinated or written off or become irrecoverable to any extent. To each Warrantor's knowledge, each of those debts will realise its book value in the usual course of collection.

8. Intellectual Property and Information Technology

8.1 General

- 8.1.1 The Disclosure Letter contains true, accurate and not misleading details in all material respects of all the Intellectual Property which are used by the Group for the operation of the business in respect of which any Group Company is registered as the owner or is the applicant for registration (the "**Registered Owned IP**").

- 8.1.2 The trademarks, patents and domain names listed in the Disclosure Letter constitute all Registered Owned IP that is necessary for the operation of the business of the Group.
- 8.1.3 Except for the Disclosed Registered Owned IP, no member of the Group has rights to (whether as owner, licensee, licensor or otherwise) any registered or applied for Intellectual Property that is material to the operation of the Group's business.
- 8.1.4 All of the Registered Owned IP is valid and enforceable and nothing has been done or omitted to be done by which it may cease to be valid or enforceable, or affect the ownership of any Business IP.
- 8.1.5 All renewal and maintenance fees and taxes due up to and including the date of this Agreement in respect of each of the Registered Owned IP have been paid in full and on time. All other actions due or required to maintain and protect the Registered Owned IP have been taken on time.
- 8.1.6 The Business IP as Disclosed in the Disclosure Letter comprise all of the Intellectual Property which is necessary for the operation of the Group's business.
- 8.1.7 To each Warrantor's knowledge, each Group Company has taken all steps necessary or desirable for the fullest protection of all Business IP. Each Group Company has not disposed of, agreed to dispose of or granted to any person any rights over any Business IP.
- 8.1.8 No Group Company has granted or is obliged to grant any licence, assignment, Encumbrance, consent, undertaking or other right in respect of the Business IP or agreed to any restriction on use or any disclosure obligation or entered into any co-existence agreement in respect of the Business IP.
- 8.1.9 None of the Business IP or any Group Company's ownership or rights in the Business IP will be materially and adversely affected by the transactions contemplated by this Agreement.
- 8.1.10 There is no Intellectual Property used or required for the operation of the Group's business that is licensed from third parties.
- 8.1.11 All Intellectual Property which is or is likely to be material to the business of the Group, including all Intellectual Property developed by employees or consultants of the Group, or by a third party for the Group, is legally and beneficially vested exclusively in a Group Company.
- 8.1.12 There is no outstanding obligation or restriction owed by a Group Company that may materially impact the business or freedom of the Group to develop other works in the Ordinary Course of Business.
- 8.1.13 All agreements to which any of the Group Companies is a party, or by which it is bound relating to the Business IP, are disclosed in the Disclosure Letter.

8.2 Trade secrets

- 8.2.1 The Group has taken all commercially reasonable and necessary steps to maintain the secrecy of all its Confidential Information, trade secrets and know-how used in the operation of the business of the Group.
- 8.2.2 All Confidential Information, trade secrets and know-how used or in connection with the business of the Group have been kept confidential and have not been disclosed to third parties (other than parties who have signed written confidentiality undertakings in respect of such information or such disclosure is required pursuant to Applicable Law or order from Government Authorities). To each Warrantor's knowledge, no person has breached an obligation of confidence which it owes to the Group with respect to any Confidential Information.

8.3 Infringement

- 8.3.1 To each Warrantor's knowledge, there is not, and has not at any time been, an infringement, misappropriation, misuse, violation or other unauthorised use of any of the Business IP. No such proceedings (including any litigation, arbitration, or other dispute resolution mechanism) have been threatened, and no Group Company has received any notice relating to such proceedings. To each Warrantor's knowledge, no fact or circumstance exists which might give rise to proceedings of that type.
- 8.3.2 None of the Business IP is the subject of any opposition, invalidation, revocation or cancellation proceedings or counterclaim or any other proceedings or counterclaim (including any litigation, arbitration, or other dispute resolution mechanism) concerning its validity, enforceability, or the relevant Group Company's title to such right. No such proceedings have been threatened, and no Group Company has received any notice relating to such proceedings. To each Warrantor's knowledge, no fact or circumstance exists which might give rise to proceedings of that type.
- 8.3.3 There is no and has not in the last three (3) years been any civil, criminal, arbitration, administrative or other proceedings or dispute in any jurisdiction concerning any of the Business IP.
- 8.3.4 To each Warrantor's knowledge, the activities of each Group Company do not infringe, nor have they infringed, misappropriated, misused, violated or otherwise made use without authorisation of any third party Intellectual Property. No such proceedings (including any litigation, arbitration, or other dispute resolution mechanism) have been threatened, and no Group Company has received any notice relating to such proceedings. To each Warrantor's knowledge, no fact or circumstance exists which might give rise to proceedings of that type.

8.4 Information Technology and Data Protection

- 8.4.1 Each element of the Business IT is owned by, or used under an agreement with or validly licensed to, the relevant Group Company. The Disclosure Letter contains true, accurate and not misleading details of all such Business IT and relevant agreements and/or licences in all material respects. Each of the Group Companies has complied with all the terms and conditions of all licences and agreements to which it is a party or by which it is bound relating to such Business IT licensed from third parties in all material respects.

- 8.4.2 Each Group Company has prudent procedures, including adequate disaster recovery arrangements, in place to ensure the security of the Business IT and the data stored on it.
- 8.4.3 To each Warrantor's knowledge, no Group Company has been or is in breach of any data security breach reporting or notification requirement under any Applicable Laws.
- 8.4.4 In the last three (3) years, the Business IT has not suffered any breakdowns or security breaches that have affected or are materially affecting the Group's business and to each Warrantor's knowledge, no circumstances exist which are likely to give rise to such breakdown, breach or disruption.
- 8.4.5 The Business IT is in good working order and functions efficiently in accordance with all applicable specifications in all material respects.
- 8.4.6 The Business IT is the subject of warranty and/or maintenance arrangements which are adequate for the requirements of each Group Company's business in all material respects.
- 8.4.7 The present capacity of the Business IT is sufficient in order to satisfy the current requirements of the business of the Group with regard to data processing and communications.
- 8.4.8 Each Group Company has necessary and reasonable security measures in place in order to keep processed personal data strictly confidential, to the extent required by Applicable Laws. No claims or proceedings have been raised or pending and, to each Warrantor's knowledge, no claims or proceedings have been threatened with regard to processing of personal data by any Group Company.
- 8.4.9 Each Group Company is in compliance with Applicable Laws and any guidance notes or guidelines relating to personal data that are issued from time to time by the Government Authorities in all material respects.
- 8.4.10 Each Group Company has established and maintained a system of internal controls that is reasonably designed to ensure compliance with all material requirements of Applicable Laws relating to personal data.
- 8.4.11 No Group Company has received any complaints from any individual regarding the Group Company's processing of his/her personal data or has compensated or been required to compensate any individual under Applicable Laws in relation to personal data, no claim for such compensation is outstanding and, to each Warrantor's knowledge there is no reason to believe that any circumstances exist which might lead to any claim for compensation being made.

8.4.12 The consummation of the transactions contemplated under this Agreement will not give rise to any breach of Applicable Laws including Applicable Laws relating to personal data.

9. **Contracts**

9.1 **Contracts**

No Group Company is party to or subject to any contract which:

- 9.1.1 is not in the Ordinary Course of Business;
- 9.1.2 is not on an arm's length basis;
- 9.1.3 restricts such Group Company's freedom to operate the whole or part of its business or to use or exploit any of its assets;
- 9.1.4 cannot be complied with on time or without undue or unusual expenditure of money or effort by such Group Company; or
- 9.1.5 is of a long-term nature that is incapable of termination in accordance with its terms by such Group Company on six (6) months' notice or less.

9.2 **Validity of Contracts**

- 9.2.1 All of the written contracts, agreements, arrangements or obligations to which a Group Company is a party and which are material to the business of the Group (a "**Material Contract**") are valid, binding and enforceable on the parties thereto in accordance with their respective terms. To each Warrantor's knowledge, no fact or circumstance exists which might invalidate or give rise to a ground for termination, avoidance or repudiation of any Material Contract. No party with whom a Group Company has entered into a Material Contract has given notice of its intention to terminate, or has sought to repudiate or disclaim, the relevant Material Contract.
- 9.2.2 Neither a Group Company (on the one hand) nor any party with whom a Group Company (on the other hand) has entered into a Material Contract is in material breach of such Material Contract. To each Warrantor's knowledge, no fact or circumstance exists which might give rise to a breach of this type.
- 9.2.3 Each Material Contract is legally binding and enforceable in accordance with its respective terms.
- 9.2.4 In respect of the sale and purchase of the Sale Shares in accordance with this Agreement, no consent is required from any third party that is a party to any Material Contracts.

9.3 Joint Ventures etc.

Other than CERBACT JVCo, CERBACT Asia Holdings Pte. Ltd. Taiwan Branch and ACTMed Co., Ltd., no Group Company is, or has agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association.

10. Employees and Benefits

10.1 General

10.1.1 The Disclosure Letter contains true, accurate and not misleading details in relation to the Group Companies, of:

- (a) the total number of each Group Company's employees including those who are on maternity or other statutory leave or other long-term leave of absence and who have or may have a right to return to work with a Group Company;
- (b) the salary and other benefits, period of continuous employment, grade and location of each Group Company's employees;
- (c) the standard terms of the contract of employment of each director, other officer and employee of each Group Company; and
- (d) the terms of all consultancy agreements under which services are provided to the Company by an individual who is either a party to such a contract or has a controlling interest in a legal entity which is party to such a contract.

10.1.2 True, accurate and not misleading copies or details have been disclosed of:

- (a) any employee handbook or similar document issued by or on behalf of a Group Company (whether issued in paper or electronic form) and all policies relating to the provision of benefits applicable to each grade or category of employee; and
- (b) each bonus, commission, profit sharing, share option, share incentive or other incentive schemes for any director, officer or employee including details of numbers of employees eligible to participate, maximum and target bonus opportunities and details of amounts accrued to date as at the date of this Agreement.

10.1.3 Neither any Group Company nor any employee is in material breach of the relevant employment contracts. No fact or circumstance exists which might give rise to a breach of this type.

10.1.4 Each employment contract with the directors, officers and employee is legally binding and enforceable in accordance with its respective terms.

10.1.5 There is no, and in the past three (3) years there has been no, trade union, works council or other body representing any of the employees of any Group Company *vis-a-vis* the relevant Group Company. No Group Company is involved in, or has during the twelve (12) months prior to the date of this Agreement been involved in, any strike, lock-out or industrial dispute with, or in respect of, its employees.

- 10.1.6 No Group Company has provided or agreed to provide a gratuitous payment or benefit to a current or former director, officer or employee or to any of their dependants.
- 10.1.7 No Group Company is liable (on an actual or a contingent basis) to make any payment or provide any benefit to any of its current or former directors, officers or employees, (or any dependant of such person) in connection with the proposed termination or suspension of employment or services, or variation of any contract of employment.
- 10.1.8 Each Group Company is, and has been prior to the date of this Agreement, in compliance in all material respects with all applicable employment and labour laws and regulations, including without limitation provisions thereof relating to wages, hours, employee benefits, mandatory provident fund contributions, employees' compensation insurance and collective bargaining, and is not liable or delinquent for any arrear of wages, Tax or penalty for failure to comply with the foregoing.
- 10.1.9 No Group Company has any outstanding liability in excess of US\$100,000 for breach or termination of an employment contract between it and its current or former directors, officers or employees.

10.2 Termination

No employee of any Group Company with an annual salary exceeding US\$100,000 has given or received notice during the past six (6) months to terminate his or her employment and as of the date of this Agreement no such person has ceased to be employed or engaged by any Group Company.

10.3 Pension Schemes

Other than in accordance with the terms of the MPF Schemes and the statutory pension schemes applicable in the jurisdiction of each Group Company, the Group Companies have not paid, and no proposal has been announced to enter into or establish, any agreement or arrangement for the payment or contribution towards a pension, allowance or lump sum or other similar benefit on retirement, death, illness, disability or termination of employment (whether voluntary or not) for the benefit of its current or former directors or officers or employees (or their respective dependents).

11. Legal Compliance

11.1 Licences and Consents

11.1.1 To each Warrantor's knowledge, all licences, consents and authorisations material to the business of the Group have been obtained, are in force and are being complied with in all material respects. All actions required for the relevant renewal or extension of each such material licence, consent and authorisation have been taken. All schemes (such as personal information file security maintenance plans) required for the business of each Group Company have been established.

11.1.2 No written notification has been received by the Group in the past three (3) years that any of such licences, consents or authorisations is likely to be suspended, modified or revoked and no such licences, consents or authorisations will be breached, revoked, suspended, cancelled, varied or not renewed (whether as a result of the execution or performance of this Agreement or any document to be executed at or before Completion or otherwise).

11.2 Compliance with law

11.2.1 Each of the Group Companies and its directors, officers and employees has conducted the business of the Group and dealt with the Group's assets in accordance with all Applicable Laws in all material respects.

11.2.2 There is not and has not been any investigation, enquiry or disciplinary proceeding instigated by or involving any Government Authority (including the TIC, Taiwan Ministry of Health and Welfare, and Taiwan Food and Drug Administration) concerning or involving a Group Company or any of its directors, officers and employees, and none is pending or threatened. To each Warrantor's knowledge, no fact or circumstance exists which might give rise to an investigation, enquiry or proceedings of that type.

11.2.3 There is no outstanding judgment, order, decree, arbitral award or decision of a court, tribunal, arbitrator or Government Authority against any Group Company or any of its directors, officers and employees.

11.3 Anti-Bribery and Sanctions

11.3.1 None of the Group Companies, the Sellers, nor their respective agents, employees, and other persons acting on their behalf, have taken or will take any action that would cause the Group or any member of the Buyer's Group to be in violation of anti-corruption laws, anti-money laundering laws or sanctions laws.

11.3.2 Without limiting the generality of the foregoing, none of the Group Companies, the Sellers, nor their respective agents, employees, and other persons acting on their behalf, have taken or will take any action in furtherance of a payment, offer, promise to pay, or authorisation or ratification of a payment of any gift, money or anything of value to:

(a) a Government Official; or

(b) any person or entity while knowing or having reasonable grounds to believe that all or a portion of that payment will be passed on to a Government Official,

to influence any act or decision of any Government Official in his or her official capacity to secure an improper advantage (e.g., to obtain a tax rate lower than permitted by law) in order to obtain or retain business.

- 11.3.3 No Group Company is subject to any investigation by, or request for information from, law enforcement officials regarding a violation or potential violation of anti-corruption laws, anti-money laundering laws or sanctions laws by a Group Company.
- 11.3.4 No Group Company has received any allegation or conducted any internal investigation related to a violation or potential violation of anti-corruption laws, anti-money laundering laws or sanctions laws by a Group Company.
- 11.3.5 To each Warrantor's knowledge, there are no facts or circumstances that would lead a reasonable person to believe that there is a likelihood that any of the officers, directors, employees or agents of the Group Companies has made any payment in violation of any anti-corruption laws, anti-money laundering laws or sanctions laws on behalf of or for the benefit of a Group Company.
- 11.3.6 The Group has established and continues to maintain reasonable internal controls and procedures for monitoring cash payments and managing the book-keeping practices of the Group to the extent required by Applicable Law.
- 11.3.7 None of the current officers, directors, employees or agents of the Group Companies are or were in the past five (5) years Government Officials.
- 11.3.8 The Group has:
- (a) maintained its books and records in a manner that, in reasonable detail, accurately and fairly reflects the transactions and disposition of its assets; and
 - (b) maintained a system of internal accounting controls sufficient to provide reasonable assurances that:
 - (i) transactions are executed and access to assets is given only in accordance with management's authorisation,
 - (ii) transactions are recorded as necessary to permit preparation of periodic financial statements and to maintain accountability of corporate assets; and
 - (iii) recorded assets are compared with existing assets at reasonable intervals and appropriate action is taken with respect to any discrepancies between recorded and actual assets.
- 11.3.9 No director or officer of the Group has (i) made or caused to be made false or misleading statements to an accountant, or (ii) attempted to coerce or fraudulently influence, an accountant in connection with any audit, review or examination of the financial statements of the Group.
- 11.3.10 Notwithstanding any other provision of this Agreement to the contrary, nothing herein shall (i) require the Buyer to make any payment that it reasonably believes will constitute a violation of any anti-corruption laws, anti-money laundering laws or sanctions laws or (ii) prohibit the Buyer, in its sole discretion, from reporting any actual or possible violation of the anti-corruption laws, anti-money laundering laws or sanctions laws to law enforcement officials.

12. **Litigation**

12.1 **Current Proceedings**

No Group Company nor any of the directors, officers and employees of the Group is, or has in the past three (3) years been, involved, whether as claimant or defendant or other party, in any claim, legal action, proceedings, suit or litigation (other than as claimant in the collection of debts arising in the ordinary course of its business).

12.2 **Pending or Threatened Proceedings**

No written notification has been received by a Group Company in the past three (3) years to the effect that a claim, legal action, proceedings, suit or litigation of material importance in excess of US\$100,000 is pending or threatened by or against a Group Company or any of the directors, officers and employees of the Group and, to each Warrantor's knowledge, no fact or circumstance exists which will or would reasonably be likely to give rise to a claim, legal action, proceedings, suit or litigation involving a Group Company or any of the directors, officers and employees of the Group, which will or would reasonably be likely to result in a liability exceeding US\$100,000.

13. **Insurance**

13.1 **General**

Each of the Group Companies has at all material times been and is as at the date of this Agreement adequately insured against professional negligence, accident, damage, injury, third party loss, loss of profits and all other reasonably foreseeable risks to which a person operating the types of business operated by each of the Group Companies is exposed. The insurance policies are sufficient for compliance by each of the Group Companies with the requirements of Applicable Laws and of all contracts to which any Group Company is a party in all material respects.

13.2 **Details on Policies**

In respect of each of the insurances referred to in paragraph 13.1 above:

13.2.1 it is valid and enforceable and is not void or voidable;

13.2.2 the relevant Group Company has not done anything or omitted to do anything which might:

(a) make any of the insurance policies void or voidable; or

(b) prejudice the ability to effect insurance on the same or better terms in the future;

13.2.3 all premiums have been duly paid to date;

- 13.2.4 no Group Company has received any written notification that such insurances are not valid or enforceable;
- 13.2.5 to each Warrantor's knowledge, there are no special or unusual limits, terms, exclusions or restrictions in any of such policies;
- 13.2.6 to each Warrantor's knowledge, the premiums payable are not in excess of the normal rates; and
- 13.2.7 the relevant Group Company has not done anything or omitted to do anything, and there is nothing, which might result in an increase in the premium payable under any such policies.

13.3 **Claims**

- 13.3.1 No claims exceeding US\$100,000 have been made, no claim is outstanding and, to each Warrantor's knowledge, no fact or circumstance exists which will or would reasonably be likely to give rise to a claim under any of the insurance policies.
- 13.3.2 to each Warrantor's knowledge, no event, act or omission has occurred which requires notification under any of the insurance policies.
- 13.3.3 None of the insurers under any of the insurance policies has given any notice in writing to refuse or to the effect that it intends to refuse, indemnity in whole or in part in respect of any claims under the insurance policies.
- 13.3.4 Nothing has been done or omitted to be done, and there is nothing, which will or would reasonably be likely to entitle the insurers under any of the insurance policies to refuse indemnity in whole or in part in respect of any claims under the insurance policies.

14. **Tax**

14.1 **Returns, Information and Clearances**

All returns, computations, notices and information which are or have been required to be made or given by a Group Company for any Taxation purpose (i) have been made or given within the requisite periods and on a proper basis and are up to date and correct and (ii) none of them is the subject of any dispute with or investigation by any Tax Authority.

14.2 **Taxation Claims, Liabilities and Reliefs**

- 14.2.1 To each Warrantor's knowledge, there is no liability to Taxation in respect of which a claim for breach of warranties could be made.
- 14.2.2 All Taxation of any nature whatsoever for which a Group Company is liable and/or which is assessed or imposed by any Tax Authority, or for which a Group Company is liable to account, has been duly and punctually paid, withheld or has been accrued in the Accounts or Management Accounts.

- 14.2.3 All material documents to which a Group Company is a party upon which stamp duty is payable have been duly stamped and there are no circumstances or transactions to which any Group Company is or has been a party such that a liability to stamp duty or any penalty in respect of such duty may arise for any Group Company.
- 14.2.4 The Tax losses of each of the Group Companies, as disclosed in the most recent corporate income tax return submitted to the relevant Tax Authority for each of the Group Companies are correct and up-to-date in all material respects.
- 14.2.5 Each of the Group Companies:
- (a) is not liable for any penalty, surcharge, fine or interest in connection with Tax in respect of any period up to and including Completion;
 - (b) has made all deductions and withholdings in respect of or on account of any Taxation from all payments made by it, which deductions and withholdings it was obliged to make, and has accounted to the relevant Tax Authority for all amounts so deducted or withheld;
 - (c) is not and does not expect to be involved in a dispute in relation to Tax in respect of any period up to and including Completion;
 - (d) is not and has not been subject to any investigation or enquiry by a Tax Authority concerning its Tax affairs and none is pending or threatened, and to each Warrantor's knowledge, no fact or circumstance exists which will or would reasonably be likely to give rise to an investigation or enquiry of that type which will or would reasonably be likely to result in a Tax liability exceeding US\$100,000;
 - (e) is not a party to or otherwise involved in any transaction, agreement or arrangement which will, or is reasonably likely to, subject it to Tax in respect of an amount deemed for Tax purposes to be income or gains of such Group Company where such amount is not reflected as income or gains of such Group Company in the Accounts or Management Accounts; and
 - (f) is not a party to any transaction or series of transactions of which the main purpose, or one of the main purposes, was or could reasonably be likely to constitute the avoidance of, or deferral or a reduction in the liability for, Tax.
- 14.2.6 Each of the Accounts and Management Accounts have made full provision or reserve for all Tax liable to be assessed on each of the Group Companies or for which it may be or may after that date become liable, with respect to Tax on profits, gains, income and receipts, benefits and other items subject to Tax for any period ending on or before, and for any transactions, or events or situations occurring (or deemed to have occurred for Taxation purposes) on or before, the Last Accounting Date or the Management Accounts Date (as the case may be).

- 14.2.7 There is no order, decree or decision of any Tax Authority outstanding or pending against any Group Company.
- 14.2.8 Each of the Group Companies has maintained sufficient records to support all returns lodged, filed or submitted to the relevant Tax Authority relating to Taxation (or which may be legally required to be filed, lodged or submitted) and to comply with all Applicable Laws and regulations.
- 14.2.9 No Tax incentive, exemption or relief has been claimed by any Group Company in the two (2) years prior to the date of this Agreement without such Group Company having satisfied the conditions for such Tax incentive, exemption or relief. No Tax Authority has operated or agreed to operate any special arrangement (being an arrangement which is not based on relevant legislation or any published practice) in relation to any Group Company's affairs.

14.3 **Arm's-length dealings**

No Group Company is or has been a party to or otherwise involved in any transaction, agreement or arrangement otherwise than by way of a bargain at arm's length, or any transaction, agreement or arrangement (whether or not by way of a bargain at arm's length) under which it has been or is or may be required to make any payment for any goods, services or facilities provided to it which is in excess of the market value of such goods, services or facilities or under which it has been, or is or may be required to provide goods, services or facilities for a consideration which is less than the market value of such goods, services or facilities and/or in consequence of which it is or will be liable to Tax in respect of an amount deemed for Tax purposes to be income or gains of the Group Company but not actually income or gains of the Group Company.

14.4 **Company Residence**

Each of the Group Companies has been resident for Taxation purposes in its place of incorporation or other jurisdiction by operation of any double tax agreement and nowhere else at all times since its incorporation and has, and has had, no branch, agency, place of business or permanent establishment outside such place or jurisdiction which may result in that Group Company being subject to Tax in that other place or jurisdiction.

15. **Insolvency**

- 15.1.1 No Group Company is insolvent under the laws of its jurisdiction of incorporation or unable to pay its debts as they fall due nor has any Group Company commenced negotiations with one (1) or more of its creditors with a view to rescheduling or restructuring any of its indebtedness.
- 15.1.2 There are no proceedings in relation to any compromise or arrangement with creditors or any winding-up, bankruptcy or other insolvency proceedings concerning any Group Company.
- 15.1.3 To each Warrantor's knowledge, no steps have been taken to enforce any security over any assets of any Group Company.

- 15.1.4 No Group Company has received a notice to the effect that an administrator has been or will be appointed in relation to the relevant Group Company. No notice has been given or filed with the court of an intention to appoint an administrator and no petition or application has been presented or order made for the appointment of an administrator in respect of any Group Company.
- 15.1.5 No receiver or administrative receiver has been appointed, nor any notice given to the relevant Group Company of an intention to appoint, any such person, over the whole or part of any Group Company's business or assets.
- 15.1.6 No Group Company has proposed or agreed to a composition, compromise, assignment or arrangement with any of its creditors.
- 15.1.7 No distress, execution, attachment, sequestration or other process has been levied on an asset of a Group Company which remains undischarged.
- 15.1.8 No action is being taken by a court to dissolve a Group Company and/or strike it off the relevant register.
- 15.1.9 No Group Company is, in any jurisdiction, subject to or threatened by any other procedures or steps which are analogous to those set out above.

16. **Accuracy of Information**

All information relating to the Group Companies Disclosed to the Buyer is true, complete and accurate in all material respects.

17. **Brokerage or Commissions**

No person is entitled to receive a finder's fee, brokerage or other commission from a Group Company in connection with the transactions contemplated, directly or indirectly, by this Agreement.

SCHEDULE 5
BUYER WARRANTIES

1. Title and Capacity

- 1.1 The Buyer is validly existing and in good standing and is a company with limited liability duly incorporated under the laws of the Cayman Islands and has been in continuous existence since incorporation.
- 1.2 The Buyer is operating and has always operated its business in accordance with its memorandum and articles of association or other constitutional documents at the relevant time in all material respects.
- 1.3 Neither the execution nor the performance of this Agreement or any document to be executed at or before Completion will result in the Buyer losing the benefit of an asset, grant, subsidy, right or privilege which it enjoys as at the date of this Agreement.
- 1.4 The Buyer has the legal right and full power and authority and has taken all action necessary to enter into and perform this Agreement and the other Transaction Documents to be executed by it.
- 1.5 The Transaction Documents to which the Buyer is a party will, when executed, constitute valid and binding obligations on the Buyer in accordance with their respective terms.
- 1.6 The execution, delivery and performance by the Buyer of this Agreement and the other Transaction Documents (to the extent that the Buyer is a party to such Transaction Documents) do not and will not result in a breach of, constitute a default under, require any consent under, or given any person rights of termination, amendment, acceleration or cancellation under (a) any provision of its constitutional documents, (b) any Applicable Laws or regulations or any order, judgment or decree of any court, arbitral tribunal or Government Authority, and/or (c) any agreement or arrangement to which it is party or by which its assets are bound, except (x) any filings as may be required under the rules and regulations of Nasdaq; or (y) applicable requirements, if any, of the Securities Act, the Exchange Act and Blue Sky Laws.

2. Capitalisation

- 2.1 All Consideration Shares to be issued or reserved for issuance in connection with the transactions contemplated by this Agreement, when issued in accordance with the terms of this Agreement, will be, validly issued, fully paid and non-assessable and are issued free of any pre-emptive rights.
- 2.2 Upon Completion, each relevant Consideration Shares Seller will be the sole legal owner of the number of Consideration Shares set forth opposite his/her/its name in column (E) of Schedule 1, with all rights attaching to them including the voting rights, the right to participate in any dividends, distributed reserves or distributed premium as from their issue date set out in the memorandum and articles of the Buyer that are annexed to this Agreement.
- 2.3 As at the date of this Agreement, the authorised share capital of the Buyer is US\$50,000 divided into 500,000,000 shares of US\$0.0001 par value each, of which (i) 400,000,000 shall be designated as Class A Ordinary Shares, (ii) 50,000,000 shall be designated as convertible Class B Ordinary Shares and (iii) 50,000,000 shall be designated as shares of such class or classes as the board of directors of the Buyer may determine.

2.4 Information relating to the share capital of the Buyer as at the date of this Agreement has been publicly disclosed in accordance with SEC rules. Except as publicly disclosed by the Buyer in accordance with SEC rules and requirements, there are no outstanding shares of capital stock or other equity interests of the Buyer, including any options, warrants, calls, or other rights, agreements, arrangements or commitments of any character to which the Buyer is a party to by which the Buyer is bound relating to the issued or unissued capital stock or other equity interests of the Buyer, or securities convertible into or exchangeable for such capital stock or other equity interests, or obligating the Buyer to issue or sell any shares of its capital stock or other equity interests, or securities convertible into or exchangeable for such capital stock of, or other equity interests in, the Buyer.

3. SEC Documents

3.1 The Buyer has filed or furnished all forms, reports and other documents required to be filed or furnished by the Buyer with the SEC under the Securities Act or the Exchange Act (all such documents filed or furnished by the Buyer, the “**Buyer SEC Documents**”) since 18 May 2022. None of the subsidiaries of the Buyer is required to make any filings with the SEC pursuant to the Exchange Act.

3.2 As of its respective filing date (or, if amended or superseded prior to the date of this Agreement, on the date of such filing), each Buyer SEC Document complied in all material respects with any applicable requirements of the SOX, the Exchange Act, and the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder as they may apply to such Buyer SEC Document, and did not, at the time it was filed or furnished (or, if amended or superseded prior to the date of this Agreement, on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.3 Each of the consolidated financial statements of the Buyer included in the Buyer SEC Documents (including, in each case, any notes thereto) was prepared in accordance with the IFRS applied on a consistent basis throughout the periods indicated (except as may be indicated in notes thereto or, in the case of unaudited statements, as permitted by the rules and regulations of the SEC) and each fairly presented, in all material respects, the consolidated financial position, the results of operations, cash flows and changes in shareholders’ equity of the Buyer and its subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited interim statements, to normal year-end audit adjustments). Except as has been described in the Buyer SEC Documents, there are no unconsolidated subsidiaries of the Buyer or any off-balance sheet arrangements of the type required to be disclosed pursuant to Item 303 of Regulation S-K promulgated by the SEC.

- 3.4 Except as and to the extent set forth in the audited consolidated balance sheet of the Buyer and its consolidated subsidiaries as at 31 December 2021, including the notes thereto, neither the Buyer nor any subsidiary of the Buyer has any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) required to be disclosed by IFRS, except for liabilities or obligations (i) incurred since 31 December 2021, in the ordinary course of business, (ii) in the form of executory obligations under any contract to which the Buyer is a party or is bound and that are not in the nature of material breaches of such contracts, (iii) incurred in connection with fees and expenses of legal counsel, accountants and other third party advisors or services providers, (iv) incurred in connection with the preparation and negotiation of this Agreement or pursuant to this Agreement or in connection with the transactions contemplated by this Agreement, or (v) that would not reasonably be expected to have, individually or in the aggregate, a Buyer Material Adverse Effect.
- 3.5 Each of the principal executive officer of the Buyer and the principal financial officer of the Buyer (and each former principal executive officer of the Buyer and each former principal financial officer of the Buyer, as applicable) has made all certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and 18 U.S.C. Section 1350 (Section 906 of the SOX) and the rules and regulations promulgated thereunder with respect to Buyer SEC Documents filed or furnished with the SEC, and prior to the date of this Agreement, neither the Buyer nor any of its executive officers has received written notice from any Government Authority challenging or questioning the accuracy, completeness, form or manner of filing such certifications. For the purposes of this paragraph 3.5, “principal executive officer” and “principal financial officer” have the meanings given to such terms in the SOX. Neither the Buyer nor any of the subsidiaries of the Buyer has outstanding, or has arranged any outstanding “extensions of credit” to directors or executive officers within the meaning of Section 402 of the SOX.
- 3.6 The Buyer has implemented, and at all time since 18 May 2022, has maintained a system of financial controls over financial reporting designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes, including to provide reasonable assurance: (i) that transactions are executed in accordance with management’s general or special authorisations; (ii) that transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS; (iii) regarding prevention or timely detection of unauthorised acquisition, use or disposition of the assets of the Buyer and its subsidiaries, as applicable, that could have a material effect on the Buyer’s financial statements; (iv) that the maintenance of records in reasonable detail accurately and fairly reflects the transactions and dispositions of the assets of the Buyer on a consolidated basis; and (v) that the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- 3.7 The Buyer has (i) implemented and maintained “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that material information that is required to be disclosed by the Buyer in the reports that it files or submits under the Exchange Act, is recorded, processed, summarised and reported within the time periods specified in the rules and forms of the SEC and is accumulated and made known to its principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure and (ii) disclosed, based on its most recent evaluation prior to the date of this Agreement to the Buyer’s outside auditors and the audit committee of the Buyer’s board of directors, (A) any significant deficiencies and material weaknesses in the design or operation of “internal control over financial reporting” (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that would be reasonably likely to adversely affect in any material way the Buyer’s ability to record, process, summarise and report financial information and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Buyer’s “internal control over financial reporting”. Any material change in internal control over financial reporting required to be disclosed in any Buyer SEC Document on or prior to the date of this Agreement has been so disclosed.

3.8 As at the date of this Agreement, (i) there are no outstanding unresolved comments with respect to the Buyer or the Buyer SEC Documents filed or furnished with the SEC noted in comment letters or, to the knowledge of the Buyer, other correspondence received by the Buyer or its attorneys from the SEC and (ii) there is no pending or threatened (A) formal or informal investigation or other review of, or proceeding against, the Buyer or any of its directors or officers by the SEC or (B) inspection of an audit of the Buyer's financial statements by the Public Company Accounting Oversight Board.

4. **Compliance with Law**

4.1 To the Buyer's knowledge, since 18 May 2022, there has not been any investigation, enquiry or disciplinary proceeding instigated by any Government Authority (including the TIC, Taiwan Ministry of Health and Welfare, and Taiwan Food and Drug Administration) concerning any member of the Buyer Group which would have a Buyer Material Adverse Effect.

4.2 There is no outstanding judgment, order, decree, arbitral award or decision of a court, tribunal, arbitrator or Government Authority against any member of the Buyer Group which would have a Buyer Material Adverse Effect.

5. **Sufficient Funds**

The Buyer's cash on hand and other financial resources available to the Buyer, will, in the aggregate, be sufficient for the Buyer to pay the Cash Incentive Payment payable pursuant to this Agreement.

6. **Solvency**

After giving effect to the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, the Buyer will not be insolvent under the laws of the Cayman Islands or unable to pay its debts as they fall due.

7. **Non-Mainland Chinese Investor**

As a result of the Buyer's inspection to the extent possible, and to the best of its knowledge and belief, the Buyer is not a Mainland Chinese Investor, nor is the Buyer Controlled by a Mainland Chinese Investor.

SCHEDULE 6
LIMITATIONS ON LIABILITY

1. LIMITATION ON QUANTUM

- 1.1 The Company, the Warrantors and the MCD Warrantors shall not be liable in respect of an ACT Warranty Claim or an MCD Warranty Claim:
- 1.1.1 unless the amount recoverable from the Company, the Warrantors and the MCD Warrantors in respect of such Warranty Claim exceeds US\$25,000. For this purpose, Warranty Claims arising out of the same, related or similar subject matter, facts, events or circumstances shall be aggregated and form a single Warranty Claim; and
- 1.1.2 unless the aggregate amount recoverable from the Company, the Warrantors and the MCD Warrantors in respect of such Warranty Claim and any other ACT Warranty Claims and MCD Warranty Claims exceeds US\$100,000, in which case the Company shall be liable for such aggregated amount (subject to paragraph 1.1.1) and not just the excess.
- 1.2 The total amount that the Buyer is entitled to recover from the Company:
- 1.2.1 in respect of all ACT Warranty Claims and MCD Warranty Claims shall be limited to the amount that is US\$15,000,000 minus the total amount recoverable from the Warrantors and the MCD Warrantors agreed under paragraph 1.3 of this Schedule; and
- 1.2.2 in respect of all other Relevant Claims shall be limited to the amount that is US\$50,000,000 minus the total amounts recoverable from the Warrantors and the MCD Warrantors agreed under paragraph 1.3 of this Schedule,
- in each case, taking into account the gross-up arrangement set out in clause 8.2.
- 1.3 The total amount that the Buyer is entitled to recover from each Warrantor or MCD Warrantor in respect of all ACT Warranty Claims, all MCD Warranty Claims (as applicable) and all Relevant Claims against the Warrantors under clause 7.10, 7.11, 13.1, 13.2 or 13.5 and the allocation of the amount between the Company, the Warrantors and the MCD Warrantors, as the case may be, in respect of any ACT Warranty Claim, MCD Warranty Claim and Relevant Claim under clauses 7.10, 7.11, 13.1, 13.2 or 13.5 shall be separately agreed in writing between the Buyer, the Warrantors, the MCD Warrantors and the Company on or around the date of this Agreement.
- 1.4 Each Seller shall only be liable for (i) Fundamental Warranty Claims against himself/herself/itself; and (ii) Relevant Claims in respect of a breach of his/her/its obligations under this Agreement. For the avoidance of doubt:
- 1.4.1 no Seller (other than any Warrantor or any MCD Warrantor) shall be liable for ACT Warranty Claims, MCD Warranty Claims, Relevant Claims under clause 7.10, 7.11, 13.1, 13.2 or 13.5; and

1.4.2 no Seller shall be liable for any Relevant Claim against any other Seller, any Warrantor, any MCD Warrantor or the Company to the extent that it is not a Fundamental Warranty Claim against himself/herself/itself or a Relevant Claim in respect of a breach of his/her/its own obligations under this Agreement.

2. NOTIFICATION OF CLAIMS

- 2.1 If the Buyer becomes aware of a Relevant Claim, the Buyer must give Notice (stating in reasonable detail the nature of the Relevant Claim and, if practicable, an estimate of the amount claimed) to the Company or the relevant Warrantor, MCD Warrantor or Seller (each, an “**Indemnifying Party**”, and collectively, “**Indemnifying Parties**”) as soon as practicable after becoming aware of the Relevant Claim and in any event within thirty (30) Business Days of becoming aware of the Relevant Claim.
- 2.2 Any failure or delay by the Buyer in giving Notice under paragraph 2.1 does not affect the relevant Indemnifying Party’s liability in respect of such Relevant Claim, provided that, in respect of any Warranty Claim, the Buyer serves a Notice in respect of the Warranty Claim in due course within the applicable time period set out in paragraph 3.2.
- 2.3 Where a Notice is given under paragraph 2.1, without prejudice to the validity of the Relevant Claim or alleged Relevant Claim in question, the Buyer shall allow, and shall procure that the Company allows, the relevant Indemnifying Party to investigate the matter or circumstance alleged to give rise to such Relevant Claim. For such purpose and at such Indemnifying Party’s cost, the Buyer shall provide, and shall procure that the relevant Group Company provides, all reasonable information to such Indemnifying Party, including reasonable access to premises and personnel at reasonable office hours, and the right to examine and copy any accounts, documents and records of the Company, all to the extent reasonably requested by the Indemnifying Party’s representative and necessary for the latter to assess the matter of the Relevant Claim in question and subject to appropriate arrangements being made to maintain commercial confidentiality and privilege.

3. TIME LIMITS FOR BRINGING CLAIMS

- 3.1 No Seller is liable for (i) a Fundamental Warranty Claim; or (ii) a Relevant Claim which is not an ACT Warranty Claim, an MCD Warranty or any Relevant Claim under any indemnity given in favour of the Buyer under this Agreement) unless the Buyer has given such Seller Notice of such claim on or before the date that is three (3) years from the Completion Date.
- 3.2 Neither the Company nor any Warrantor nor any MCD Warrantor shall be liable for:
- 3.2.1 an ACT Warranty Claim or an MCD Warranty Claim (which is not a Tax Warranty Claim) unless the Buyer has given such Warrantor Notice of such claim on or before the date that is eighteen (18) months after the Completion Date; and
- 3.2.2 a Tax Warranty Claim unless the Buyer has given such Warrantor Notice of such claim on or before the expiration of the applicable statutory limitation period for Taxes plus one (1) year.

3.3 No Indemnifying Party shall rely on the Limitation Ordinance (Cap. 347, Laws of Hong Kong), laches or any other time-based defence in respect of any Warranty Claim.

4. **WITHDRAWAL OF CLAIMS**

4.1 Any Relevant Claim notified pursuant to paragraph 2.1 shall (if it has not been previously satisfied, settled or withdrawn) be deemed to be irrevocably withdrawn and shall become fully barred and unenforceable six (6) months after the Notice is given pursuant to paragraph 2.1, unless at the relevant time legal proceedings in respect of the Relevant Claim have been commenced by being both properly issued and validly served on the relevant Indemnifying Party(ies).

4.2 Notwithstanding paragraph 4.1, in the case of a Relevant Claim in respect of a contingent liability, provided that the contingent or unquantifiable liability is notified to the relevant Indemnifying Party(ies) within the relevant time period specified in paragraph 3 above the six (6)-month period referred to in paragraph 4.1 shall commence on the date the relevant contingent liability becomes an actual liability and is due and payable. The fact that the liability in respect of a Relevant Claim notified in accordance with paragraph 2.1 on or before the relevant date set out in paragraph 3.1 has not become an actual liability by such relevant date shall not exonerate such relevant Indemnifying Party in respect of the Relevant Claim.

5. **SPECIFIC LIMITATIONS**

5.1 No Indemnifying Party shall be liable for any Relevant Claim, to the extent that the loss arising from the Relevant Claim would not have arisen but for:

5.1.1 the passing of, or any change in, after the date of this Agreement, any Applicable Law not actually or prospectively in effect as at the date of this Agreement; or

5.1.2 any voluntary action taken by the Buyer after the date of this Agreement (including such actions expressly directed by the Buyer), other than any such action taken to comply with Applicable Law, or pursuant to a binding commitment made by a Group Company prior to the date of this Agreement which has been Disclosed to the Buyer.

5.2 Neither the Company nor any Warrantor nor any MCD Warrantor shall be liable for any ACT Warranty Claim or MCD Warranty Claim to the extent that:

5.2.1 the matter giving rise to such Warranty Claim is in respect of or directly relates to Sanomics Holdings Limited;

5.2.2 the loss arising from such Warranty Claim is covered by an insurance policy of a Group Company and payment is made by the insurer to the relevant Group Company;

5.2.3 the matter giving rise to such Warranty Claim is a direct result of the passing of, or any change in, any Applicable Law after the date of this Agreement which is not actually or prospectively in effect as at the date of this Agreement;

- 5.2.4 the matter giving rise to such Warranty Claim is a direct result of any change in accounting or Tax policies, bases or practices binding upon a Group Company or the Buyer, introduced after the date of this Agreement;
 - 5.2.5 the matter giving rise to such Warranty Claim is a direct result of any increase in the rates of Tax announced after the date of this Agreement or any imposition of Tax not actually in effect on the date of this Agreement;
 - 5.2.6 the matter giving rise to such Warranty Claim is a direct result of voluntary actions taken by the Buyer after the date of this Agreement (including such actions expressly directed by the Buyer), other than any such action taken to comply with Applicable Law, or pursuant to a binding commitment made by a Group Company prior to the date of this Agreement which has been Disclosed to the Buyer; or
 - 5.2.7 the matter giving rise to such Warranty Claim was taken into account in calculating the amount of any item set out in the Accounts.
- 5.3 No Indemnifying Party shall be liable in respect of any Relevant Claim to the extent such loss result from indirect or consequential losses (including loss of profits).
- 5.4 The Buyer agrees that where there is an ACT Warranty Claim, an MCD Warranty Claim or a Relevant Claim under clause 7.10, 7.11, 13.1, 13.2 or 13.5, the Buyer shall not bring such Relevant Claim against the Warrantors or the MCD Warrantors but shall, to the extent practicable, bring a Relevant Claim against the Company under clause 8.1.1, 8.1.2 or 8.1.3 (as applicable).

6. NO DOUBLE RECOVERY

The Buyer may not recover from the Company, a Seller, Warrantor or MCD Warrantor under this Agreement more than once in respect of the same loss suffered.

7. CONDUCT OF WARRANTY CLAIMS

- 7.1 If the Buyer becomes aware of any claim, action or demand being made by a third party against the Buyer or any Group Company which is likely to give rise to a Warranty Claim (the "**Third Party Claim**"):
- 7.1.1 the Buyer shall, within thirty (30) days of becoming aware of such Third Party Claim, give Notice to the Company of the Third Party Claim and shall consult with the Company with respect to the Third Party Claim. The failure of the Buyer to give such Notice within the thirty (30) day period shall not prejudice the Buyer's ability to bring such Third Party Claim; and
 - 7.1.2 the Buyer shall provide to the Company reasonable access to records within the control of the Buyer, during normal working hours and on reasonable advance Notice, for the purposes of investigating the Third Party Claim.
- 7.2 In the case of a Third Party Claim:
- 7.2.1 no admission of liability shall be made by or on behalf of the Buyer and the Third Party Claim shall not be compromised, disposed of or settled without the prior written consent of the Company, such consent not to be unreasonably withheld, delayed or conditioned; and

7.2.2 the Buyer shall keep the Company reasonably informed of the progress of any such Third Party Claim and its defence, and shall provide the Company with copies of all material notices, written communications and filings (including court papers) made by or on behalf of any of the parties to the underlying claim.

8. **MITIGATION**

Nothing in this Schedule 6 restricts or limits the Buyer's common law duty to mitigate any loss suffered by it as a result of a breach of a Relevant Claim (other than a Relevant Claim under any indemnity given in favour of the Buyer under this Agreement).

9. **GENERAL**

Nothing in this Schedule 6 shall have the effect of limiting or restricting any liability of any Seller, the Company, a Warrantor or MCD Warrantor in respect of a Warranty Claim arising as a result of any fraud or wilful misconduct.

**SCHEDULE 7
ACTION PENDING COMPLETION**

Each of the Group Companies will:

1. carry on its business in the Ordinary Course of Business in accordance with all Applicable Laws and shall not make (or agree to make) any payment (including any Leakage payment) other than routine payments in the Ordinary Course of Business and usual course of trading;
2. take all commercially reasonable and necessary steps to preserve and protect its assets and not create, or agree to create or amend, an Encumbrance over any asset or redeem, or agree to redeem, an existing Encumbrance over any asset;
3. not take any action which is inconsistent with the provisions of the Transaction Documents or the consummation of the transactions contemplated by the Transaction Documents, which would materially and adversely affect the Company's ability to perform its obligations under the Transaction Documents and the consummation of the transactions contemplated by the Transaction Documents;
4. not create, allot, issue, acquire, repay or redeem any share or loan capital or agree, arrange or undertake to do any of those things or acquire or agree to acquire, an interest in a corporate body or merge or consolidate with a corporate body or any other person, enter into any demerger transaction or participate in any other type of corporate reconstruction;
5. preserve sufficient working capital for its day-to-day business operation in the Ordinary Course of Business;
6. not acquire or dispose of, or agree to acquire or dispose of, any revenues, assets, business or undertakings except in the Ordinary Course of Business or assume or incur, or agree to assume or incur, any liability, obligation or expense (actual or contingent) except in the Ordinary Course of Business;
7. not make, or agree to make, capital expenditure exceeding in total US\$100,000 (or its equivalent at the time) or incur, or agree to incur, a commitment or commitments involving capital expenditure exceeding in total US\$100,000 (or its equivalent at the time);
8. not pass a shareholders' resolution, except in accordance with this Agreement and the Transaction Documents;
9. not make any amendments to the constitutional documents of any Group Company, except in accordance with this Agreement and the Transaction Documents;
10. continue, without amendment, each of the insurance policies of the Group and not do, or omit to do, anything which might:
 - 10.1 make any such policy void or voidable;
 - 10.2 entitle any of the insurers under any such policy to refuse indemnity in relation to particular claims in whole or in part; or

- 10.3 result in an increase in the premium payable under any such policies;
11. not enter into, amend or terminate any long-term, onerous, unusual or material agreement, arrangement or obligation, other than in the Ordinary Course of Business;
 12. not amend the terms and conditions of employment or engagement of a director, other officer or employee of any Group Company with an annual salary exceeding US\$100,000 (except in the Ordinary Course of Business) or provide, or agree to provide, a gratuitous payment or benefit to a director, officer or employee of any Group Company with an annual salary exceeding US\$100,000 (or any of their dependants) or employ, engage or terminate the employment or engagement of, a person;
 13. not amend, or agree to amend, the terms of its borrowing or indebtedness in the nature of borrowing or create, incur, or agree to create or incur, borrowing or indebtedness in the nature of borrowing (except pursuant to facilities disclosed in the Disclosure Letters where the borrowing or indebtedness in the nature of borrowing does not exceed the amount available to be drawn by a Group Company under those facilities);
 14. not enter into an agreement, arrangement or obligation (whether legally enforceable or not) in which a Seller, a director or former director of a Group Company or a person connected with any of them is interested;
 15. not establish an employee incentive scheme or enter into any obligation or arrangement of any employee incentive scheme, or communicate to a current or former employee a plan, proposal or an intention to establish any employee incentive scheme or enter into any employee incentive scheme;
 16. not start litigation or arbitration proceedings for an amount involved in the proceedings which exceeds US\$100,000;
 17. not compromise or settle litigation or arbitration proceedings or any action, demand or dispute or waive a right in relation to litigation or arbitration proceedings for an amount involved in such compromise or settlement which exceeds US\$100,000;
 18. not change residence for Tax purposes or otherwise establish a taxable presence in any jurisdiction where the Group Company is not currently subject to Tax;
 19. not enter into any transaction or arrangement outside the Ordinary Course of Business which would give rise to a Tax liability for the Group Company;
 20. not make a Tax election, amend a Tax return or submit a Tax return which is inconsistent in any material respect with past practice, in each case to the extent that any such election, amendment or inconsistency could reasonably be expected to give rise to or increase a liability to Tax or utilise any Relief of any Group Company;
 21. not settle or compromise any material Tax dispute with a Tax Authority; and
 22. not enter into any agreement or arrangement (conditional or otherwise) to do any of the foregoing.

SCHEDULE 8
CONVERTIBLE BOND TERMS AND CONDITIONS

ACT GENOMICS HOLDINGS COMPANY LIMITED

US\$10,000,000 CONVERTIBLE BOND

CONVERTIBLE BOND INSTRUMENT

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THIS BOND INSTRUMENT is executed by way of deed poll on _____ 2022.

BY

- (1) **ACT GENOMICS HOLDINGS COMPANY LIMITED**, a company incorporated under the laws of the Cayman Islands (registered number: 336039), having its registered office at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands (the “**Issuer**”);

IN FAVOUR OF

- (2) **PRENETICS GLOBAL LIMITED**, a company incorporated under the laws of the Cayman Islands, trading on NASDAQ with ticker PRE, having its principal executive office at 7/F, K11 Atelier King’s Road, 728 Kings Road, Hong Kong (the “**Bondholder**”).

WHEREAS

- (A) The Issuer was authorised in a duly convened and quorate meeting of its board of directors dated 14 December 2022 to create and issue a US\$10,000,000 convertible bond (the “**Bond**”).
- (B) The Bond will be in registered form. The Bondholder will be issued with a Bond Certificate in the form as scheduled to this Bond Instrument in Schedule 1 (the “**Bond Certificate**”).
- (C) The Issuer wishes to constitute the Bond by deed poll.

THIS BOND INSTRUMENT WITNESSES as follows:

1. **INTERPRETATION**

1.1 **References to Bond Conditions**

In this Bond Instrument, “**Bond Conditions**” means the terms and conditions of the Bonds (as scheduled to this Bond Instrument in Schedule 2 and as modified from time to time in accordance with its terms), and any reference to a numbered “**Bond Condition**” is to the correspondingly numbered provision thereof.

1.2 **References to Bond Instrument**

Any reference to this Bond Instrument includes, without limitation, the Bond Conditions.

1.3 **Other Defined Terms**

Terms defined in the Bond Conditions have the same meanings when used in this Bond Instrument.

1.4 **References to Clauses, Paragraphs and Schedules**

Any reference in this Bond Instrument to a Clause, Paragraph or Schedule, unless specifically provided otherwise, is a reference to a clause or paragraph of, or schedule to, this Bond Instrument.

1.5 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Bond Instrument.

1.6 **Legislation**

Any reference in this Bond Instrument to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2. **THE BOND**

The Issuer hereby constitutes the Bond which has the terms and conditions provided in the Bond Conditions and covenants in favour of the Bondholder that it will duly perform and comply with the obligations expressed to be undertaken by it in the Bond Certificate and in the Bond Conditions (and for this purpose any reference in the Bond Conditions to any obligation or payment under or in respect of the Bond shall be construed to include a reference to any obligation or payment under or pursuant to this provision).

3. **DEPOSIT OF BOND INSTRUMENT**

The Issuer hereby acknowledges the right of the Bondholder to the production of this Bond Instrument and shall ensure that copies of this Bond Instrument are available for inspection by the Bondholder during office hours at the Specified Office.

4. **STAMP DUTIES AND TAXES**

The Issuer shall promptly pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Bond Instrument, and shall upon demand indemnify the Bondholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which the Bondholder incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same by the Issuer.

5. **BENEFIT OF BOND INSTRUMENT**

5.1 **Deed Poll**

This Bond Instrument shall take effect as a deed poll for the benefit of the Bondholder from time to time.

5.2 **Benefit**

This Bond Instrument shall enure to the benefit of the Bondholder and its (and any subsequent) successors and transferees, each of which shall be entitled severally to enforce this Bond Instrument against the Issuer.

5.3 **Assignment**

Unless otherwise provided in the Bond Conditions, neither the Bondholder nor the Issuer shall be entitled to assign or transfer all or any of its rights, benefits and obligations under this Bond Instrument.

6. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

7. **NOTICES**

All notices and other communications to the Issuer hereunder shall be made in accordance with Bond Condition 14 (*Notices*).

8. **GOVERNING LAW AND DISPUTE RESOLUTION**

8.1 This Bond Instrument is governed by, and construed in accordance with, the laws of Hong Kong.

8.2 Any dispute, controversy or claim arising in any way out of or in connection with this Bond Instrument (including: (1) any issue regarding contractual, pre-contractual or non-contractual rights, obligations or liabilities; and (2) any issue as to the existence, validity, breach or termination of this Bond Instrument) (a “**Dispute**”) shall be referred to and finally resolved by binding arbitration administered by the Hong Kong International Arbitration Centre (“**HKIAC**”) in accordance with the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with such Rules (the “**Rules**”). The Rules are deemed to be incorporated by reference into this clause and as may be amended by the rest of this clause.

8.3 The arbitration shall be conducted as follows:

8.3.1 The arbitration tribunal (“**Tribunal**”) shall consist of three (3) arbitrators. The claimant(s) and the respondent(s) shall each nominate one (1) arbitrator, and the two (2) arbitrators thus appointed shall nominate the third arbitrator who shall be the presiding arbitrator; if the claimant(s) or the respondent(s) fails to appoint the arbitrator within fourteen (14) days of a request to do so from the other party(ies), or if the two (2) arbitrators fail to nominate the third arbitrator within fourteen (14) days after the appointment of the second arbitrator, the appointment shall be made, upon request of a party, by the HKIAC in accordance with the Rules.

8.3.2 The seat of the arbitration shall be Hong Kong. This Clause 8 shall be governed by the laws of the Hong Kong.

8.3.3 The language of the arbitration proceedings shall be English.

8.3.4 Any award of the Tribunal shall be made in writing and shall be final and binding on the parties from the day it is made. The parties undertake to carry out any award without delay.

8.3.5 The parties waive any right to apply to any court of law and/or other judicial authority to determine any preliminary point of law and/or review any question of law and/or the merits, insofar as such waiver may validly be made. The parties shall not be deemed, however, to have waived any right to challenge any award on the ground that the Tribunal lacked substantive jurisdiction and/or on the ground of serious irregularity affecting the Tribunal, the proceedings or the award to the extent allowed by the law of the seat of arbitration. Nothing in this Clause 8 shall be construed as preventing any party from seeking conservatory or interim relief from any court of competent jurisdiction.

9. MODIFICATION

9.1 Without prejudice to Clause 9.2, all or any of the rights for the time being attached to the Bond may from time to time (whether or not the Issuer is being dissolved or wound up) be altered or abrogated with the approval of the Bondholder and the Issuer, and shall be effected by an instrument by way of deed poll executed by the Issuer and expressed to be supplemental to this Bond Instrument.

9.2 The Bondholder may, by notice in writing to the Issuer, request for modifications to the Bond Instrument which are of a formal, minor or technical nature, or made to correct a manifest error, and in each case not affecting adversely the rights of the Issuer, and upon receipt of such notice in writing the Issuer shall effect such modifications by an instrument by way of deed poll executed by the Issuer and expressed to be supplemental to this Bond Instrument and notify the Bondholder in respect of the modifications. Any such modifications shall be binding on the Bondholder and the Issuer.

IN WITNESS whereof this Bond Instrument has been executed by the Issuer and is intended to be and is hereby delivered on the date first before written.

**SCHEDULE 1
FORM OF BOND CERTIFICATE**

Certificate No: [•]

Date of Issue: [•]

THIS BOND CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO A REGISTRATION STATEMENT OR IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

ACT GENOMICS HOLDINGS COMPANY LIMITED
(the “**Issuer**”)
*(a company incorporated with limited liability
under the laws of the Cayman Islands)*

US\$10,000,000 Convertible Bond

This Bond Certificate is issued in respect of US\$10,000,000 convertible Bond (the “**Bond**”) of the Issuer. The Bond is constituted by a Bond Instrument dated _____ 2022 (as amended and/or supplemented from time to time) and entered into by the Issuer (the “**Bond Instrument**”), subject to the Amended Articles.

THIS IS TO CERTIFY that the Bondholder named below is the registered holder of the Bond (with such principal amount as specified in this Bond Certificate). The Issuer promises to pay the person who appears at the relevant time on the Bond Register as Bondholder of the Bond in respect of which this Certificate is issued such amount or amounts as shall become due in respect of the Bond and otherwise to comply with the terms and conditions of the Bond Instrument (the “**Bond Conditions**”).

This Bond Certificate is issued pursuant to the Bond Instrument. Words and expressions used in the Bond Instrument and the Bond Conditions have the same meanings when used in this Bond Certificate.

Name of Bondholder:	[•]
Address of Bondholder:	[•]
Principal amount of the Bond:	US\$[•]

This Bond Certificate is governed by, and shall be construed in accordance with the laws of Hong Kong.

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
CHEN HUA CHIEN)
as the authorised signatory of and for and on behalf of)
ACT GENOMICS HOLDINGS COMPANY LIMITED)
in the presence of:)

_____(Signature of witness)

Witness' name:

Witness' address:

Witness' occupation:

THE BOND IS NOT TRANSFERABLE UNLESS THE RELEVANT PROVISIONS OF THE BOND INSTRUMENT AND THE BOND CONDITIONS HAVE BEEN COMPLIED WITH. A COPY OF THE BOND INSTRUMENT AND THE BOND CONDITIONS MAY BE OBTAINED ON REQUEST FROM THE ISSUER AT THE SPECIFIED OFFICE. THE SCHEDULES PRINTED ON THE FOLLOWING PAGES FORM PART OF THIS BOND CERTIFICATE.

FIRST SCHEDULE TO BOND CERTIFICATE

FORM OF EOD REDEMPTION NOTICE

ACT GENOMICS HOLDINGS COMPANY LIMITED

(the "Issuer")

(incorporated with limited liability under
the laws of the Cayman Islands)

US\$10,000,000 Convertible Bond (the "Bond")

EOD REDEMPTION NOTICE

To: The Directors
ACT Genomics Holdings Company Limited

Date:

Words and expressions used in the Bond Instrument dated _____2022 (as amended and/or supplemented from time to time) entered into by the Issuer to constitute the Bond (the "**Bond Instrument**") and the terms and conditions of the Bond contained in the Bond Instrument have the same meanings when used in this notice.

Reference is made to Bond Condition 7.2 (*Redemption upon Event of Default*), the relevant Event of Default being [•], we, being the undersigned Bondholder of the Bond of such principal amount specified below and evidenced by the Bond Certificate referred to below, hereby elect to have the Bond of such principal amount redeemed.

1. Principal amount of the Bond to which this notice applies:
Principal amount of the Bond being redeemed: _____
Certificate number of the Bond: _____
2. Proposed EoD Redemption Date: _____
3. EoD Redemption Price: _____
4. The EoD Redemption Price payable by the Issuer will be transferred to the following bank account:
Account no: [•]
Account name: [•]
Bank: [•]

Signed by _____)
for and on behalf of _____)
[Name of Bondholder])

SECOND SCHEDULE TO BOND CERTIFICATE

FORM OF CONVERSION NOTICE

ACT GENOMICS HOLDINGS COMPANY LIMITED

(the "Issuer")

(incorporated with limited liability under
the laws of the Cayman Islands)

US\$10,000,000 Convertible Bond (the "Bond")

CONVERSION NOTICE

To: The Directors
ACT Genomics Holdings Company Limited

Date:

Words and expressions used in the Bond Instrument dated _____ 2022 (as amended and/or supplemented from time to time) entered into by the Issuer to constitute the Bond (the "**Bond Instrument**") and the terms and conditions of the Bond contained in the Bond Instrument have the same meanings when used in this notice.

I/We, by or on behalf of the holder or beneficial owner of the Bond specified below, hereby elect to convert such Bond into such amount of Conversion Shares in accordance with Bond Condition 6 (*Conversion*) of the terms and conditions of the Bond.

Total principal amount and certificate number of the Bond to be converted:

Total principal amount: _____

Certificate number of the Bond: _____

We hereby direct the Issuer to allot and issue the following Conversion Shares by issuing and dispatching the certificate for the Conversion Shares in the accordance with the following instructions:

- (i) The certificate for the Conversion Shares be issued to the person whose name and address is given below:

Name: _____

Address: _____

- (ii) The certificate for the Conversion Shares be dispatched to the person whose name and address is given below and in the manner specified below:

Name: _____

Address: _____

Manner of dispatch: _____

We agree that the Conversion Shares are issued subject to the Amended Articles and agree to become a member of the Issuer.

Signed by _____)
for and on behalf of _____)
[Name of Bondholder]

THIRD SCHEDULE TO BOND CERTIFICATE

FORM OF REDEMPTION NOTICE

ACT GENOMICS HOLDINGS COMPANY LIMITED

(the “**Issuer**”)

*(incorporated with limited liability under
the laws of the Cayman Islands)*

US\$10,000,000 Convertible Bond

(the “**Bond**”)

MATURITY REDEMPTION NOTICE

(To be completed in duplicate)

To: The Directors
ACT Genomics Holdings Company Limited

Date:

US\$10,000,000 convertible bond (the “Bond”)

Words and expressions used in the Bond Instrument dated _____ 2022 (as amended and/or supplemented from time to time) entered into by the Issuer to constitute the Bond (the “**Bond Instrument**”) and the terms and conditions of the Bond contained in the Bond Instrument have the same meanings when used in this notice.

I/We, by or on behalf of the holder or beneficial owner of the Bond specified below, hereby elect to have the following principal amount of the Bond redeemed pursuant to and in accordance with Bond Condition 7.1 (*Redemption at maturity*).

Total principal amount and certificate number of the Bond to be redeemed:

Total principal amount: _____

Certificate number of the Bond: _____

If the Bond Certificate referred to above is to be returned to the undersigned in accordance with the Bond Conditions, it should be returned by registered mail to:

Name: _____

Address: _____

FOURTH SCHEDULE TO BOND CERTIFICATE

Form of Transfer

FOR VALUE RECEIVED _____, being the registered holder of Bond Certificate numbered _____ hereby transfers to _____ the aggregate principal amount of US\$ _____ of the convertible bond with principal amount of US\$10,000,000 (the “**Bond**”) of **ACT Genomics Holdings Company Limited** (the “**Issuer**”) constituted by the Bond Instrument dated _____ and entered into by the Issuer, and irrevocably requests and authorises the Issuer to effect the relevant transfer by means of appropriate entries in the Bond Register kept by it.

Dated: _____

By: _____
duly authorised for and on behalf of
[Name of Bondholder]

Notes

The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered holder as it appears on the face of this Bond Certificate.

- (a) A representative of such registered holder should state the capacity in which he signs, e.g. executor. The Issuer shall be entitled to assume that the transfer referred to in this form of transfer has been duly authorised by the registered holder.
- (b) This form of transfer shall be ineffective and invalid unless accompanied by the relevant Bond Certificate.

Notice of Transfer

[On Letter Head of Bondholder]

To: The Directors
ACT Genomics Holdings Company Limited

Date:

Dear Sirs

Bond Instrument entered into by way of deed poll relating to the US\$10,000,000 convertible bond (as amended and supplemented from time to time, the “Bond Instrument”)

Words and expressions used in the Bond Instrument and the terms and conditions of the Bond contained in the Bond Instrument have the same meanings when used in this notice.

We hereby give notice that we are transferring the Bond of an aggregate principal amount of US\$[•] that is constituted by the Bond Instrument to [*name of transferee*] of [*address*] (the “**Transferee**”) and enclose a duly executed form of transfer. Subject to the compliance of provisions set out in Bond Conditions 3.3 (*Transfers, redemption and conversion*) and 3.6 (*Requirements concerning transfers*), such transfer shall take effect from the date of this notice.

We enclose our Bond Certificate for cancellation by you. Please issue a new Bond Certificate to the Transferee in respect of the Bond so transferred and a new Bond Certificate to us in respect of the balance of the Bond retained by us.

Yours faithfully

for and on behalf of
[*Name of Bondholder*]

FIFTH SCHEDULE TO BOND CERTIFICATE
Terms and Conditions of the Bond

NOTE: to be attached when the Bond Certificate is being issued

(End of Schedule 1 (*Form of Bond Certificate*))

SCHEDULE 2
TERMS AND CONDITIONS OF THE BOND

The issue of US\$10,000,000 convertible bond (the “**Bond**”) of **ACT Genomics Holdings Company Limited** (the “**Issuer**”), a company incorporated in the Cayman Islands, was authorised in a duly convened and quorate meeting of the board of directors of the Issuer dated 14 December 2022. The Bond is constituted by a Bond Instrument (as amended and/or supplemented from time to time, the “**Bond Instrument**”) dated _____ 2022 and entered into by the Issuer and is subject to the terms set out in these terms and conditions (the “**Bond Conditions**”).

1. Interpretation

1.1 Unless the context otherwise requires, the terms defined in the Share Purchase Agreement shall have the same meaning as those in the Bond Conditions, and the following expressions shall have the following meanings:

“**Affiliate**” has the meaning given to it in clause 1.1 of the Share Purchase Agreement.

“**Bond**” has the meaning given to it in the preamble to the Bond Conditions.

“**Bond Certificate**” means the certificate in the form, or substantially in the form, set out in Schedule 1 to the Bond Instrument.

“**Bond Condition**” has the meaning given to it in the preamble to these terms and conditions.

“**Bond Instrument**” has the meaning given to it in the preamble to the Bond Conditions.

“**Bond Register**” has the meaning given to it in Bond Condition 3.1 (*Bond Register*).

“**Bondholder**” means a holder of any portion of the Bond and in whose name such portion of the Bond is for the time being registered in the Bond Register (or, in the case of a joint holding, the first named thereof).

“**Control**” has the meaning given to it in clause 1.1 of the Share Purchase Agreement.

“**Conversion Date**” has the meaning given to it in Bond Condition 6.1 (*Voluntary conversion*).

“**Conversion Notice**” has the meaning given to it in Bond Condition 6.1 (*Voluntary conversion*).

“**Conversion Shares**” means such number of Investor Ordinary Shares issued in accordance with Bond Condition 6.2 (*Conversion mechanism for voluntary conversion*).

“**Disclosed**” has the meaning given to it in clause 7.6 of the Share Purchase Agreement.

“**Dispute**” has the meaning given to it in Bond Condition 15.2.

“**EoD Redemption Date**” has the meaning given to it in Bond Condition 7.2.3(c).

“**EoD Redemption Notice**” has the meaning given to it in Bond Condition 7.2.1.

“**EoD Redemption Price**” has the meaning given to it in Bond Condition 7.2.2.

“**Equity Securities**” means, in relation to any company, common shares, preferred shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase common shares of such company or any instrument or certificate representing a beneficial ownership interest in the common shares of such company. For the avoidance of doubt, the Equity Securities of the Issuer shall include the Investor Ordinary Shares, Existing Shareholder Ordinary Shares, Other Ordinary Shares and the Bond.

“**Event of Default**” means any event set out in Bond Condition 7.3 (*Events of Default*).

“**Financial Year**” means a fiscal year ending on 31 December.

“**Indebtedness**” means any indebtedness of any person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) amounts raised pursuant to any note facility, bonds, notes, debentures, loan stock or any similar instrument;
- (c) amounts raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (g) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of sixty (60) days;
- (h) amounts raised by the issue of shares that are redeemable at the option of the holder of such shares;
- (i) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

“**Internal Rate of Return**” means, in respect of any Bond held by a Bondholder, the annual rate based on a 365-day period used to discount each cash flow in respect of such Bond (such cash flow to include subscription or purchase consideration and cash received from sale or redemption of such Bond) to the original Issue Date of such Bond such that the present value of the aggregate cash flow equals zero. In connection with any payment required under this Bond Instrument, the Internal Rate of Return will be calculated with reference to the period from the Issue Date of the Bond to the date on which such payment is made in full.

“**IPO**” means an initial public offering and listing of the Shares of the Issuer (or any Affiliate of the Issuer) on one or more stock exchanges under applicable securities laws and regulations.

“**Issue Date**” means, in respect of any Bond, the date on which such Bond is issued.

“**Issuer**” has the meaning given to it in the preamble to the Bond Conditions.

“**Issuer Warranties**” has the meaning given to it in Bond Condition 12.1.1.

“**Key Management**” means the chief executive officer, chief scientific officer, chief financial officer and chief operating officer of the Issuer.

“**Management Director**” has the meaning given to it in the Amended Shareholders’ Agreement.

“**Maturity Date**” means the date falling on the third (3rd) anniversary of the Completion Date.

“**Maturity Redemption Notice**” has the meaning given to it in Bond Condition 7.1.1.

“**Maturity Redemption Price**” has the meaning given to it in Bond Condition 7.1.2.

“**Minority Director**” has the meaning given to it in the Amended Shareholders’ Agreement.

“**Notice**” means a notice given pursuant to the terms of the Bond Instrument and shall be construed in accordance with Bond Condition 14 (*Notices*).

“**Pre-IPO Financing**” means the subscription and issuance of Investor Ordinary Shares or any Equity Securities with rights more senior to the Investor Ordinary Shares by any person which occurs the latest in time prior to an IPO.

“**Pre-IPO Financing Subscription Price**” means the subscription price per share of the Investor Ordinary Shares issued by the Issuer in the Pre-IPO Financing.

“**Prenetics Director**” has the meaning given to it in the Amended Shareholders’ Agreement.

“**Specified Office**” means the Company’s office located at 3F., No. 345, Xinhua 2nd Road, Neihu Dist. Taipei 114, Taiwan, or such other address as the Issuer may notify to the Bondholder in writing.

“**Share Purchase Agreement**” means the share purchase agreement entered into between the Issuer, the Buyer and the Sellers (as defined therein) dated 16 December 2022 in relation to, *inter alia*, the sale and purchase of the Sale Shares (as defined therein) and the issue and subscription of the Bond.

“**Total Assets**” means at the relevant time, the total assets of the Group as stated in the latest audited consolidated balance sheet of the Group at such time.

“**Total Indebtedness**” means at the relevant time, the total Indebtedness of the Group as stated in the latest audited consolidated balance sheet of the Group at such time.

1.2 A reference to a statute or statutory provision includes a reference:

1.2.1 to that statute or provision as from time to time modified or re-enacted;

1.2.2 to any repealed statute or statutory provision which it re-enacts (with or without modification); and

1.2.3 to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.

1.3 Unless the context otherwise requires:

1.3.1 words in the singular include the plural, and vice versa;

1.3.2 words importing any gender include all genders; and

1.3.3 a reference to a person includes a reference to a body corporate and to an unincorporated body of persons.

1.4 any reference to any party shall be construed to include its successors in title, permitted assigns and transferees;

1.5 any reference to any agreement or instrument is a reference to that agreement or instrument as amended, supplemented and/or novated from time to time;

1.6 “**assets**” includes present and future properties, revenues and rights of every description;

1.7 a Bond shall be considered to be “**outstanding**” unless one or more of the following events has occurred:

1.7.1 it has been redeemed in full under Bond Condition 7 (*Redemption*); or

- 1.7.2 its right has been exercised, the obligations of the Issuer in relation thereto have been duly performed in accordance with Bond Condition 6 (*Conversion*);
- 1.8 “**regulation**” includes any regulation, rule, official directive, order, request, code of practice or guideline (whether or not having the force of Law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.9 “**repay**”, “**redeem**” and “**pay**” shall each include both the others and “**repaid**”, “**repayable**” and “**repayment**”, “**redeemed**”, “**redeemable**” and “**redemption**” and “**paid**”, “**payable**” and “**payment**” shall be construed accordingly and “**repay**” (or any derivative form thereof) shall, subject to any contrary indication, be construed to include “prepay” (or, as the case may be, the corresponding derivative form thereof);
- 1.10 a provision of Law is a reference to that provision as amended or re-enacted from time to time;
- 1.11 a time of day is a reference to Hong Kong time;
- 1.12 words denoting the singular number only shall include the plural number also and *vice versa*;
- 1.13 words denoting one gender only shall include the other genders;
- 1.14 references to schedules, appendices, clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the schedules and appendices to the documents in which they appear respectively and to the clauses, sub-clauses, paragraphs and sub-paragraphs in the documents in which they appear respectively and, unless otherwise stated, reference to sub-clauses are references to sub-clauses of the clause in which the reference appears;
- 1.15 references to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than Hong Kong, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding described or referred to in these presents;
- 1.16 a reference to the shareholding percentage of a person in the Shares “**on a fully diluted and as converted basis**” is a reference to such shareholding percentage after: (a) (if applicable) taking into the effect of the allotment and issuance of the Shares (including the Investor Ordinary Shares allotted and issued in accordance with Bond Condition 6.2.1); and (b) assuming all outstanding securities of the Issuer which are convertible into Shares have been fully converted into issued Shares and all share options granted by the Issuer have been exercised and fully converted into issued Shares; and
- 1.17 unless specifically provided otherwise if for any purpose an amount expressed in one currency needs to be translated or converted into another currency then the rate of exchange to be applied shall be the Screen Rate.

2. **Form, denomination, status and guarantee**

2.1 **Form and denomination**

The Bond Certificate is issued in registered form of an amount (the “**Denominated Amount**”). A Bond Certificate will be issued to the Bondholder in respect of its registered holding of the Bond. The Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholder (the “**Bond Register**”) kept by the Issuer.

2.2 **Status of the Bond**

The Bond constitutes direct, senior, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves.

3. **Bond Register, title and transfers**

3.1 **Bond Register**

The Issuer shall keep and maintain the Bond Register at the Specified Office and shall enter in the Bond Register:

- 3.1.1 the name, address, fax and email address and contact person of the Bondholder for the time being;
- 3.1.2 the Denominated Amount of the Bond held by the Bondholder;
- 3.1.3 the date on which the name of the Bondholder is entered in the Bond Register in respect of the Bond registered in its name;
- 3.1.4 if the Bond is transferred, redeemed or converted, the date on which the Bond is transferred, redeemed or converted; and
- 3.1.5 if the Bond is converted, the valuation used for such conversion.

Any change in the name or address of any Bondholder shall be notified to the Issuer by the Bondholder as soon as reasonably practicable following such change by notice in accordance with Bond Condition 14 (*Notices*), following which the Issuer shall update the Bond Register accordingly. The Bondholder or any person authorised by a Bondholder shall be entitled at all times during office hours upon one (1) Business Day’s notice to inspect the Bond Register and to take copies of or extracts from it.

3.2 **Title**

In the case of a transfer and in accordance with Bond Condition 3.6 (*Requirements concerning transfers*), title to the Bond passes only by transfer and registration in the Bond Register. The Bondholder shall (except as otherwise required by applicable Laws) be treated as the absolute owner of such Bond registered under its name for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Bond Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Bond Certificate). Every subsequent Bondholder shall be recognised by the Issuer as entitled to its Bond free from any equity, set off or cross claim on the part of the Issuer against the original or any intermediate holder of such Bond.

3.3 Transfers, redemption and conversion

3.3.1 A Bond may be transferred, redeemed or converted:

- (a) in the case of a transfer and subject to Bond Condition 3.6 (*Requirements concerning transfers*), upon surrender at the Specified Office of the Bond Certificate issued in respect of that Bond, with a form of transfer and notice of transfer (each in the form set out in the fourth schedule to the Bond Certificate) duly completed and signed by the Bondholder or his attorney duly authorised in writing. The form of transfer of the Bond shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the Bondholder of the relevant Bond until the name of the transferee is entered in the Bond Register in respect of that Bond;
- (b) in the case of a conversion, in accordance with the requirements under Bond Condition 6 (*Conversion*); and
- (c) in the case of a redemption, in accordance with the requirements under Bond Condition 7 (*Redemption*).

3.3.2 The Issuer shall waive any requirement on the Bondholder to produce the original of any Bond Certificate upon provision by such Bondholder of customary evidence of the loss or destruction of such certificate as it may reasonably require. Subject to the foregoing provisions of this Bond Condition 3.3 (*Transfers, redemption and conversion*), the Issuer may not decline any transfer, redemption or conversion and must register and perform its obligations with respect to such transfer, redemption or conversion of the Bond in accordance with the Bond Conditions. Any transfer of the Bond which complies with this Bond Condition 3.3 (*Transfers, redemption and conversion*) shall be recorded in the Bond Register promptly following receipt by the Issuer of the relevant form of transfer.

3.3.3 Where not all portions of the Bond represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of the Bond (and which states the aggregate outstanding principal amount of the Bond) will be issued and delivered to the transferor within two (2) Business Days of the surrender of that Bond Certificate.

3.3.4 In the Bond Conditions, “**transfer**” includes an offer, sale, transfer or otherwise disposal of any Bond, whether directly or indirectly (including through any entity holding the Bond), or entering into any agreement to do so.

3.4 Registration and delivery of Bond Certificate

Within two (2) Business Days of the surrender of a Bond Certificate in accordance with Bond Condition 3.3 (*Transfers, redemption and conversion*), the Issuer shall register the transfer in question and deliver a new Bond Certificate of the same principal amount to the Bond transferred to the transferee at the Specified Office or (at the request of any such transferee) by courier (airmail if overseas) to the address specified for such purpose by the transferee.

3.5 No charge

The transfer of a Bond and the issue of new Bond Certificate in respect of a transfer will be effected without charge by or on behalf of the Issuer.

3.6 Requirements concerning transfers

3.6.1 The Bond may not be transferred by the Bondholder but may be pledged or charged by the Bondholder with the prior approval of the board of directors of the Issuer (including an affirmative vote or a written consent from the Minority Director or the Management Director (which shall not be unreasonably withheld or delayed)).

3.6.2 Subject to Bond Condition 3.6.1, the requirements concerning the transfer of the Bond contained in the Bond Conditions may not be changed by the Issuer without the prior written approval of the Bondholder.

4. Covenants

4.1 Negative pledge

So long as any portion of the Bond remains outstanding, the Issuer shall not, and shall ensure that the Group Companies shall not, create or permit to subsist or arise any Encumbrance upon the whole or any part of their respective present or future assets or revenues to secure any Indebtedness or to provide any guarantee or indemnity in respect of any Indebtedness of any person, unless at the same time or prior thereto the Issuer's obligations under the Bond are secured equally and rateably therewith or by such other security, guarantee or indemnity or other arrangement as shall be approved by the Bondholder and the prior approval of the board of directors of Issuer (including an affirmative vote or a written consent from the Minority Director or the Management Director (which shall not be unreasonably withheld or delayed)).

4.2 General covenants

For so long as any portion of the Bond remains outstanding, the Issuer undertakes that, except with the prior written consent of the Bondholder:

4.2.1 it will, in a timely manner, obtain all such consents and approvals, and take any such other action, as may be necessary to enable the Bondholder to exercise its rights under the Bond and to ensure the continuing validity of the Bond, to the maximum extent permitted under applicable Laws from time to time, and will comply with the Bond Conditions, and shall ensure that its obligations under the Transaction Documents rank and continue to rank at least *pari passu* with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;

4.2.2 it will obtain and/or maintain all applicable consents and approvals which are required for the performance of its obligations under the Bond and the Bond Instrument and will not take any action for the purpose of avoiding or seeking to avoid the performance of any of the terms to be observed or performed under the Bond Conditions;

- 4.2.3 it will keep available, free from pre-emptive or other rights, out of its authorised but unissued Shares, such number of Investor Ordinary Shares as would be required to be issued upon conversion of all the Bond from time to time remaining unexercised and to satisfy in full all other rights of exercise, conversion into or exchange or subscription for Investor Ordinary Shares and shall ensure that all Conversion Shares to be issued upon the exercise of all the Bond will be duly and validly issued as fully paid and free from any Encumbrance and rank at least *pari passu* with all other Investor Ordinary Shares then in issue. If at any time the number of authorised but unissued Investor Ordinary Shares shall not be sufficient to effect the conversion rights in accordance with Bond Condition 6 (*Conversion*) in full, the Issuer will take such corporate action as may be necessary to increase its authorised but unissued Investor Ordinary Shares to such number of Investor Ordinary Shares as shall be sufficient for such purpose;
- 4.2.4 except as required by applicable Laws, it will not close its register of members or take any other action which prevents the transfer of its Shares generally except for the purpose of determining relevant shareholders' entitlement to exercise shareholders' rights such as voting rights or rights as to annual, interim or special dividends unless, under the Laws of the Cayman Islands as then in effect, the Bond may be converted legally and Shares may (subject to any limitation imposed by Law) be transferred (as between transferor and transferee although not as against the Issuer) at all times during the period of such closure or while such other action is effective, nor take any action which prevents the conversion of the Bond or the issue of Investor Ordinary Shares (following the conversion of the Bond) in respect thereof; and
- 4.2.5 it shall, and shall procure each Group Company and its directors, officers and employees to, comply with applicable Laws in all material respects.

5. **Interest**

- 5.1 The Bond does not bear any interest.

6. **Conversion**

6.1 **Voluntary conversion**

At any time from the date falling thirty (30) Business Days prior to the occurrence of any of the following events, the Bondholder may, at its sole and absolute discretion, elect to convert the Bond in full into newly issued Conversion Shares pursuant to this Bond Condition 6 (*Conversion*), such events being:

- 6.1.1 the closing date of an IPO;
- 6.1.2 the closing date of the Pre-IPO Financing; or
- 6.1.3 the Maturity Date,

in each case, by delivering a notice of conversion in writing substantially in the form set out in the second schedule to the Bond Certificate (a “**Conversion Notice**”), which shall specify the proposed date of conversion (the “**Conversion Date**”) which shall be not earlier than the third (3rd) Business Day after the date on which the Conversion Notice is delivered.

6.2 Conversion mechanism for voluntary conversion

6.2.1 If the Bondholder wishes to exercise its conversion right under Bond Condition 6.1.1, the Issuer shall allot and issue such number of Investor Ordinary Shares to the Bondholder, which, immediately after the issuance of such Investor Ordinary Shares pursuant to this Bond Condition 6.2.1, will result in the Bondholder being the legal and beneficial owner of such number of Conversion Shares (taking into account the total number of issued Shares) as determined by the IPO Conversion Formula.

6.2.2 For the purpose of Bond Condition 6.2.1:

“**IPO Conversion Formula**” means:

$$A = \frac{B + C}{D}$$

where:

A = number of Conversion Shares immediately after the allotment and issuance of the Conversion Shares;

B = the outstanding principal amount of the Bond (in US\$) to be converted;

C = the amount which would yield an Internal Rate of Return of fifteen per cent. (15%) on the outstanding principal amount of the Bond calculated from the Issue Date to the date of the closing of the IPO; and

D = the closing price per Share of the Issuer (or any Affiliate of the Issuer) in the IPO.

6.2.3 If the Bondholder wishes to exercise its conversion right under Bond Condition 6.1.2, the Issuer shall allot and issue such number of Investor Ordinary Shares to the Bondholder, which, immediately after the issuance of such Investor Ordinary Shares pursuant to this Bond Condition 6.2.3, will result in the Bondholder being the legal and beneficial owner of such number of Conversion Shares (taking into account the total number of issued Shares) as determined by the Pre-IPO Financing Conversion Formula or the Pre-IPO Financing Valuation Conversion Formula (whichever yielding a higher number of Conversion Shares to be allotted and issued).

6.2.4 For the purpose of Bond Condition 6.2.3:

“Pre-IPO Financing Conversion Formula” means:

$$F = \frac{G}{H}$$

where:

F = number of Conversion Shares immediately after allotment and conversion of Conversion Shares;

G = the outstanding principal amount of the Bond (in US\$) to be converted; and

H = 50% discount of the Pre-IPO Financing Subscription Price;

“Pre-IPO Financing Valuation Conversion Formula” means:

$$J = \frac{K + L}{M}$$

where:

J = number of Conversion Shares immediately after allotment and conversion of Conversion Shares;

K = the outstanding principal amount of the Bond (in US\$) to be converted;

L = the amount which would yield an Internal Rate of Return of fifteen per cent. (15%) on the outstanding principal amount of the Bond calculated from the Issue Date to the date of the closing of the Pre-IPO Financing; and

M = Pre-IPO Financing Subscription Price.

6.2.5 If the Bondholder wishes to exercise its conversion right under Bond Condition 6.1.3, the Issuer shall allot and issue such number of Investor Ordinary Shares to the Bondholder, which, immediately after the issuance of such Investor Ordinary Shares pursuant to this Bond Condition 6.2.5, will result in the Bondholder being the legal and beneficial owner of such number of Conversion Shares (taking into account the total number of issued Shares) as determined by the Maturity Date Conversion Formula.

6.2.6 For the purpose of Bond Condition 6.2.5:

“Maturity Date Conversion Formula” means:

$$N = \frac{O + P}{Q} \times R$$

where:

N = number of Conversion Shares immediately after allotment and conversion of Conversion Shares;

O = the outstanding principal amount of the Bond (in US\$) to be converted;

P = the amount which would yield an Internal Rate of Return of fifteen per cent. (15%) on the outstanding principal amount of the Bond calculated from the Issue Date to the Maturity Date;

Q = valuation of the Issuer as of the Maturity Date as determined by an independent valuer appointed by the Key Management; and

R = total number of issued Shares of the Issuer prior to the conversion of the Bond.

6.3 Procedures for conversion

6.3.1 Upon a conversion in accordance with Bond Conditions 6.2 (*Conversion mechanism for voluntary conversion*), the Issuer shall:

(a) deliver to the Bondholder each document as may be required under applicable Laws to allot and issue the Conversion Shares to the Bondholder (including but not limited to the relevant share certificates); and

(b) deliver to the Bondholder a certified true copy of the updated register of member of the Issuer showing that the Bondholder is the legal and beneficial owner of the Conversion Shares.

6.3.2 The person in whose name the Conversion Shares are registered in accordance with the instructions given in the Conversion Notice will become the legal and beneficial owner of the Conversion Shares with effect from the Conversion Date. In the event the Conversion Shares were issued to any person other than the Bondholder, such person shall:

(a) execute the deed of accession in the form substantially similar to the form attached in Exhibit D (*Form of Deed of Accession to Shareholders Agreement*) to the Amended Shareholders' Agreement and become a party to the Amended Shareholders' Agreement; and

(b) deliver a copy of the duly executed deed of accession to the Issuer.

6.3.3 The Issuer will pay all costs and expenses, including all capital duty, stamp, issue, registration, securities transaction or other similar Taxes, duties, levies and fees (if any) arising in connection with the issue of the Bond, any conversion of the Bond and the issue and delivery of the Conversion Shares pursuant to the conversion of the Bond, directly to the relevant authorities.

6.4 Conversion Shares issued upon the conversion of the Bond

The Conversion Shares issued to the Bondholder upon the conversion of the Bond under Bond Condition 6 (*Conversion*) shall be fully paid up or credited as fully paid up, in accordance with the Amended Articles, free from any Encumbrance, to such Bondholder with effect from the Conversion Date, and such Conversion Shares shall rank *pari passu* in all respects with the Investor Ordinary Shares in the Issuer in issue on the Conversion Date and shall be entitled to all dividends and other distributions the record date for which falls on a date on or after the Conversion Date.

6.5 Fractions

No fractions of a Conversion Share will be issued to any Bondholder upon the conversion of the Bond and the Issuer shall have no obligation to refund any sum which represents such fraction (if any). Any fraction of Conversion Shares deliverable by the Issuer upon conversion of the Bond shall be rounded up to the nearest whole number of the Conversion Share.

7. Redemption

7.1 Redemption at maturity

7.1.1 Subject to Bond Condition 6 (*Conversion*), Bond Condition 7.2 (*Redemption upon Event of Default*) and Bond Condition 9 (*Payments*), unless:

- (a) the Bond has been previously redeemed, converted or purchased and cancelled as provided in the Bond Conditions; or
- (b) an EoD Redemption Notice has been served by the Bondholder in accordance with Bond Condition 7.2 (*Redemption upon Event of Default*),

the Bondholder shall have the right to require the Issuer to redeem all (but not part of) the outstanding and unconverted Bond held by the Bondholder on the Maturity Date, by giving the Issuer a redemption notice in the form set out in the third schedule to the Bond Certificate (the "**Maturity Redemption Notice**") at least fifteen (15) Business Days prior to the Maturity Date in accordance with Bond Condition 8 (*Procedure for redemption of the Bond*).

7.1.2 The redemption price payable by the Issuer to a Bondholder upon redemption under this Bond Condition 7.1 (*Redemption at maturity*) (the "**Maturity Redemption Price**") shall be an amount in US\$ equal to the aggregate of:

- (a) the aggregate principal amount of such outstanding Bond in US\$ held by such Bondholder; and
- (b) an amount that would yield an Internal Rate of Return of fifteen per cent. (15%) on the outstanding principal amount of such outstanding Bond calculated from the Issue Date until the Maturity Date.

7.1.3 On the Maturity Date, the Issuer shall pay or cause to be paid to the Bondholder the Maturity Redemption Price in accordance with Bond Condition 9 (*Payments*).

7.2 Redemption upon Event of Default

- 7.2.1 Save as otherwise consented to or waived by the Bondholder, if any Event of Default occurs at any time after the Issue Date, subject to the Bondholder's confirmation in writing that there is occurrence of an Event of Default, the Bondholder may, at its sole and absolute discretion, issue a redemption notice in the form set out in the first schedule to the Bond Certificate (the "**EoD Redemption Notice**") to the Issuer requiring the Issuer to redeem all (but not part of) the outstanding and unconverted Bond it holds at that time and such relevant outstanding amounts of the Bond shall immediately become due and repayable at the EoD Redemption Price.
- 7.2.2 The redemption price payable by the Issuer to a Bondholder in US\$ upon redemption under this Bond Condition 7.2 (*Redemption upon Event of Default*) due to an Event of Default (the "**EoD Redemption Price**") shall be an amount in US\$ equal to the aggregate of:
- (a) the aggregate principal amount of such outstanding Bond in US\$ held by such Bondholder; and
 - (b) an amount that would yield an Internal Rate of Return of 15 per cent. (15%) on the outstanding principal amount of such outstanding Bond calculated from the Issue Date until the date of actual redemption of such outstanding Bond.
- 7.2.3 The EoD Redemption Notice shall specify, among other things, the following:
- (a) a description of the relevant Event of Default, by reference to the relevant paragraph(s) in Bond Condition 7.3 (*Events of Default*);
 - (b) the aggregate principal amount of such outstanding Bond required to be redeemed;
 - (c) the proposed date of redemption (which shall be at least five (5) Business Days after the delivery of the EoD Redemption Notice) (the "**EoD Redemption Date**"); and
 - (d) the EoD Redemption Price payable by the Issuer.
- 7.2.4 On the EoD Redemption Date, the Issuer shall pay or cause to be paid to the relevant Bondholder which has delivered an EoD Redemption Notice the EoD Redemption Price as specified in the EoD Redemption Notice, in accordance with Bond Condition 9 (*Payments*).

7.3 Events of Default

An Event of Default means the occurrence of any of the following events without the knowledge of any Prenetics Director:

- 7.3.1 *Material Breach of representations and warranties*: after the Issue Date for as long as the Bond is outstanding, if the Bondholder becomes aware that any of the Issuer Warranties set out in Part A of Schedule 4 of the Share Purchase Agreement was untrue, inaccurate or misleading as at the Issue Date;

- 7.3.2 *Material Breach of other terms or obligations*: the Issuer materially defaults in the performance or observance of any obligations under or in respect of the Bond (without prejudice to the rights or entitlements of any Bondholder under or in relation to any other Event of Default referred to in this Bond Condition 7.3 (*Events of Default*)) which default is incapable of remedy;
- 7.3.3 *Change of or cessation of business*: a material change of the nature of or cessation of the Business (as defined in the Amended Shareholders' Agreement) of any Group Company, without the prior written consent of the Bondholder;
- 7.3.4 *Unsatisfied judgment*: one or more final and unappealable judgment(s) or order(s) for the payment of an amount exceeding US\$100,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against any Group Company and continue(s) unsatisfied and unstayed for a period of thirty (30) days after the date(s) thereof or, if later, the date therein specified for the payment;
- 7.3.5 *Unlawfulness*: (i) it is, or will become, unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Transaction Documents; (ii) any obligation or obligations of the Issuer under any Transaction Documents cease(s) to be legal, valid, binding or enforceable; or (iii) any Transaction Document ceases to be in full force and effect;
- 7.3.6 *Failure to take action, etc.*: any action or omission committed by the Issuer which would cause (i) the entry into, the exercise of its rights, performance or compliance with its obligations under the Transaction Documents or in respect of the Bond unlawful; (ii) the obligations of the Issuer under the Bond to be illegal, invalid, non-binding and unenforceable; and/or (iii) any of the Transaction Documents to be inadmissible in evidence in the courts of the Cayman Islands and/or Hong Kong or elsewhere;
- 7.3.7 *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and/or revenues of any Group Company;
- 7.3.8 *Insolvency, etc.*: (i) any Group Company becomes insolvent or bankrupt, or is unable to pay its debts as they fall due; or (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of any Group Company or the whole or part of the undertaking, assets and/or revenues of any Group Company;
- 7.3.9 *Winding up, etc.*: an order is made or an effective resolution is passed for the bankruptcy, winding up, liquidation, dissolution or an event having a substantially similar or analogous effect to any of the foregoing events of any Group Company;
- 7.3.10 *Litigation*: one or more final and non-appealable judgment(s), verdict(s) or order(s) is / are rendered against the Issuer or any of its assets (or against any director or senior officer of the Issuer arising from their carrying out of duties as directors or senior officers of the Issuer) in any material litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes which would materially impact the Issuer's ability to carry on its business in the ordinary and usual course; or

- 7.3.11 *Breach of Law*: there is a material breach of any applicable Laws by any Group Company or any director or senior officer of any Group Company which would materially impact the Issuer's ability to carry on its business in the ordinary and usual course.
- 7.4 The Issuer shall, as soon as possible and in any event within three (3) Business Days after the Issuer becomes aware of any Event of Default or potential Event of Default, deliver to the Bondholder a written notice signed by a director of the Issuer setting forth the details of the Event of Default or potential Event of Default, and the action which the Issuer proposes to take with respect thereto.
- 8. Procedure for redemption of the Bond**
- 8.1 Upon the receipt of the Maturity Redemption Notice, if the board of directors of the Issuer with the approval of the board of directors of the Issuer (including an affirmative vote or a written consent from the Minority Director or the Management Director (which shall not be unreasonably withheld or delayed)) has determined that, as of the Maturity Date, the Issuer has sufficient cash surplus not otherwise reserved or planned to be allocated for business operations in the annual Budget (as defined in the Amended Shareholders' Agreement) of the Issuer as approved by the board of directors of the Issuer for each Financial Year, the Bond shall be redeemed in accordance with Bond Conditions 7.1.2 and 7.1.3; *provided* that if the board of directors of the Issuer does not approve (or if neither the Minority Director or the Management Director votes in favour or provide his / her consent for) the redemption of the Bond following the receipt of the Maturity Redemption Notice, the Bond shall be automatically converted into Conversion Shares as if the Bondholder had served a Conversion Notice under Bond Condition 6.1.3. The number of Conversion Shares allotted and issued shall be determined in accordance with Bond Conditions 6.2.5 and 6.2.6 and Bond Conditions 6.1.3, 6.2.5 and 6.2.6 shall apply *mutatis mutandis*. For the avoidance of doubt, the Bond shall be converted into Conversion Shares in accordance with Bond Condition 6 or be redeemed in accordance with Bond Condition 7 on or prior to the Maturity Date.
- 8.2 As soon as practicable and in any event not later than three (3) days after the board of directors of the Issuer has approved the redemption of the Bond at Maturity Date in accordance with Bond Condition 8.1 or receipt of the EoD Redemption Notice given by the Bondholder in accordance with Bond Condition 7.2.1 (as applicable), the Issuer shall mail a notice by registered mail, postage prepaid to the Bondholder of the outstanding Bond, which notice shall state:
- 8.2.1 the relevant Maturity Date or EoD Redemption Date (as the case may be);
- 8.2.2 the Maturity Redemption Price or EoD Redemption Price (as the case may be); and
- 8.2.3 the reference to Bond Condition 7.1 (*Redemption at maturity*) or 7.2 (*Redemption upon Event of Default*).

- 8.3 The Issuer (or its nominee) shall pay the Maturity Redemption Price or EoD Redemption Price (as applicable) to the Bondholder on the Maturity Date or EoD Redemption Date (as applicable).
- 8.4 From and after the payment in full by the Issuer of the relevant Maturity Redemption Price or EoD Redemption Price, the Bond will no longer be outstanding or deemed to be outstanding; and all powers, designations, preferences and other rights of the Bondholder thereof as a holder of such Bond shall cease and terminate.
- 8.5 Notwithstanding anything in Bond Condition 7 (*Redemption*) to the contrary, the relevant Bondholder shall retain the right in respect of any outstanding Bond subject to redemption, until the later of: (a) the Maturity Date or the EoD Redemption Date (as the case may be), and (b) the date on which the Maturity Redemption Price or EoD Redemption Price (as the case may be) for such outstanding Bonds subject to redemption is paid to such Bondholder in full by the Issuer.

9. Payments

- 9.1 All payments to be made by the Issuer to the Bondholder hereunder shall be made by the Issuer by remitting the amount to be paid in US\$ by delivery of banker's draft or cashier order drawn on a bank licensed in Hong Kong to the relevant Bondholder at its address as specified in the Bond Register or, at the option of the Bondholder, not later than 11:00 a.m. (Hong Kong time) on the due date in funds which are for value of that same date to the relevant Bondholder's account with a bank in Hong Kong as may be notified by the relevant Bondholder from time to time.
- 9.2 All payments made by the Issuer with respect to the Bond will be made free from any restriction or condition and be made without deduction or withholding for or on account of any Taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Cayman Islands, Hong Kong or any other jurisdiction or any authority thereof or therein having power to tax, unless deduction or withholding of such Taxes, duties, assessments or governmental charges is compelled by Law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Bondholder of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required.

10. Expenses

The Issuer will pay all administrative costs and expenses, including all stamp, issue, registration, securities transaction or other similar Taxes, duties, levies and fees (if any) arising in connection with the redemption of the Bond and the cancellation and delivery of certificate therefor, in each case as applicable.

11. Replacement of Bond Certificate

Should any Bond Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced free of charge at the Specified Office upon presentation of such evidence as the Issuer may reasonably require. Mutilated or defaced Bond Certificate must be surrendered before replacements will be issued.

12. Issuer Warranties

12.1 General

12.1.1 The statements set out in Part A and Part B of Schedule 4 to the Share Purchase Agreement shall apply to the Bond Conditions as if they had been set out in full herein *mutatis mutandis* (the “**Issuer Warranties**”) and as if any reference therein to “the Buyer” have been replaced by “the Bondholder”.

12.1.2 The Issuer represents, warrants and undertakes to the Bondholder that each Issuer Warranty is true, accurate and not misleading in accordance with their terms at the Issue Date and shall thereafter be deemed to be repeated each day so long as any portion of the Bond remains outstanding by the Issuer in favour of the Bondholder by reference to the facts and circumstances then existing on each day so long as any portion of the Bond remains outstanding.

12.2 No limitation to Issuer Warranties

Save for the facts and circumstances Disclosed in the Disclosure Letter, no other knowledge of the Bondholder relating to any Group Company (actual, constructive or imputed) prevents or limits a claim made by the Bondholder for breach of Bond Condition 12 (*Issuer Warranties*).

12.3 Warranties independent and separate

Each of the Issuer Warranties shall be construed as an independent and separate warranty and shall not be limited or restricted by reference to or inference from the terms of any other Issuer Warranty or any other term of the Bond Instrument and/or the Bond Conditions.

12.4 Change in matters represented

12.4.1 The Issuer shall forthwith notify the Bondholder of anything which at any time has or may have rendered, or will or may render, untrue, incorrect, inaccurate or misleading on the terms thereunder any Issuer Warranty as if it had been made or given at such time with reference to the facts and circumstances then subsisting.

12.4.2 The Issuer shall not, and shall use its best endeavours to procure that no member of the Group shall, at any time do or omit to do anything which may cause any of the Issuer Warranties to be untrue, incorrect, inaccurate or misleading on the terms thereunder.

13. Modification and Waiver

Any modification or amendment of the Bond Conditions (or any waiver, authorisation or ratification of any breach of the Issuer of the Bond Conditions) requires: (i) the written consent of the Issuer and (ii) consent of the Bondholder, and if passed shall be binding on the Issuer and the Bondholder.

14. **Notices**

14.1 A Notice under or in connection with the Bond Instrument and/or the Bond Conditions shall be:

14.1.1 in writing and in English; and

14.1.2 delivered personally, sent by fax with confirmation receipt followed by mail posted within twenty four (24) hours, sent by courier or sent by e-mail to the party due to receive the Notice at the facsimile number, address or e-mail address referred to in Bond Condition 14.2 or such other facsimile number, address or e-mail address as a party may specify by notice in writing to the other parties received before the Notice was despatched.

14.2 For the purposes of this Bond Condition 14 (*Notices*), a Notice shall be sent to the addresses, facsimile numbers or e-mail addresses and for the attention of those persons set out below:

14.2.1 in the case of the Issuer:

Address:	3F., No. 345, Xinhua 2nd Road, Neihu Dist. Taipei 114, Taiwan
Fax:	[****]
E-mail address:	[****]
Attention:	Dr. Hua Chien Chen

14.2.2 in the case of the Bondholder, the address in the Bond Register, or to such other address, facsimile number or e-mail address as the relevant party may have notified to the other by not less than seven (7) days' written notice to the other party before the Notice was despatched.

14.3 Unless there is evidence that it was received earlier, a Notice is deemed given if:

14.3.1 delivered personally, when left at the address referred to in Bond Condition 14.2;

14.3.2 sent by courier, two (2) Business Days after posting it;

14.3.3 sent by fax, when confirmation of its transmission has been recorded on the sender's fax machine; or

14.3.4 sent by e-mail, upon receipt.

15. **Governing Law and Dispute Resolution**

15.1 The Bond Instrument is governed by, and shall be construed in accordance with the laws of Hong Kong.

15.2 Any dispute, controversy or claim arising in any way out of or in connection with this Bond Instrument (including: (1) any issue regarding contractual, pre-contractual or non-contractual rights, obligations or liabilities; and (2) any issue as to the existence, validity, breach or termination of this Bond Instrument) (a "**Dispute**") shall be referred to and finally resolved by binding arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with such Rules (the "**Rules**"). The Rules are deemed to be incorporated by reference into this clause and as may be amended by the rest of this clause.

- 15.3 The arbitration shall be conducted as follows:
- 15.4 The arbitration tribunal (“**Tribunal**”) shall consist of three (3) arbitrators. The claimant(s) and the respondent(s) shall each nominate one (1) arbitrator, and the two (2) arbitrators thus appointed shall nominate the third arbitrator who shall be the presiding arbitrator; if the claimant(s) or the respondent(s) fails to appoint the arbitrator within fourteen (14) days of a request to do so from the other party(ies), or if the two (2) arbitrators fail to nominate the third arbitrator within fourteen (14) days after the appointment of the second arbitrator, the appointment shall be made, upon request of a party, by the HKIAC in accordance with the Rules.
- 15.5 The seat of the arbitration shall be Hong Kong. This Clause 15 shall be governed by the laws of the Hong Kong.
- 15.6 The language of the arbitration proceedings shall be English.
- 15.7 Any award of the Tribunal shall be made in writing and shall be final and binding on the parties from the day it is made. The parties undertake to carry out any award without delay.
- 15.8 The parties waive any right to apply to any court of law and/or other judicial authority to determine any preliminary point of law and/or review any question of law and/or the merits, insofar as such waiver may validly be made. The parties shall not be deemed, however, to have waived any right to challenge any award on the ground that the Tribunal lacked substantive jurisdiction and/or on the ground of serious irregularity affecting the Tribunal, the proceedings or the award to the extent allowed by the law of the seat of arbitration. Nothing in this Clause 15 shall be construed as preventing any party from seeking conservatory or interim relief from any court of competent jurisdiction.

SIGNATURE PAGE OF THE BOND INSTRUMENT

SIGNED, SEALED and DELIVERED)
as a **DEED** by)
)
as the authorised signatory of and for and on behalf of)
ACT GENOMICS HOLDINGS COMPANY LIMITED)
in the presence of:)

_____ (Signature of witness)

Witness' name:
Witness' address:
Witness' occupation:

Project Ace – Signature Page to CB Instrument

SCHEDULE 9
SPECIFIC INDEMNIFICATION

1. An amount equal to any loss, liability, cost and expense incurred by each Group Company and each of the Buyer and their respective Affiliates, directors, officers or employees which arises (directly or indirectly) out of or in connection with:
 - 1.1 the illegality, invalidity or unenforceability of (i) the amendment of any provision in the Shareholders' Agreement in the form of the Amended Shareholders' Agreement at Completion or (ii) any provision in the Amended Articles adopted at Completion; or
 - 1.2 any material non-compliance with or breach of any Applicable Laws, agreement, approval, registration or licence granted to any Group Company by a Government Authority (including the United States Food and Drug Administration) or any third party, or the failure to obtain any approval, registration or licence in connection with any arrangement entered or proposed to be entered into between any Group Company and Thermo Fisher Scientific Inc. or any of its affiliates, in each case, on or prior to Completion.

2. An amount equal to the Buyer's Pro Rata Share of:
 - 2.1 any Actual Tax Liability of a Group Company which arises by reference to profits, gains or income earned, accrued or received (or deemed to be earned, accrued or received) on or before Completion or in respect of or as a result of any acts, omissions, events or circumstances occurring, existing or deemed for Tax purposes to occur or exist on or before Completion;
 - 2.2 any Deemed Tax Liability; and
 - 2.3 all reasonable costs and expenses reasonably incurred by the Buyer or the Group Companies in connection with, including taking, defending or settling any claim or action relating to paragraphs 1 and 2 above.

For the purposes of this paragraph 2, "**Buyer's Pro Rata Share**" means the percentage equal to the total number of Shares held by the Buyer and its Affiliates on the date on which the Buyer gives Notice in accordance with Schedule 6 in respect of a Relevant Claim under this paragraph 2 divided by the total number of the issued and outstanding Shares of the Company on such Date.

SCHEDULE 10
MCD WARRANTIES

Unless otherwise defined herein, the capitalized terms in this Schedule shall have the meanings given to them in the MCD SPA.

EXECUTED by the parties on the date first written above:

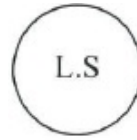
[SIGNATURE PAGES]

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

COMPANY:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **CHEN HUA CHIEN**)
as director of)
ACT GENOMICS HOLDINGS)
COMPANY LIMITED)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

Witness by:

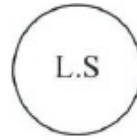
Name: Shu-Jen Chen

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLERS:

SIGNED, SEALED AND DELIVERED)
 as a **DEED** by)
CHEN Hua Chien)
 for and on behalf of)
 HSUEH PO-JEN)
 LIU, KWOK-WAI)
 John Culkin)
 KUNG,HUI-PING)
 CHEN, CHEN-YI)
 Peter Maguire)
 Susan Maguire)
 HONG, HUEI-CHUEH)
 CHEN, YO-CHING)
 HSU, MING-CHU)
 IAN CROSBY)
 JOANNE CROSBY)
 WU, TSUNG-KAI)
 CHEN, YI-FAN)
 CHU, HSUAN-YIH)
 YUNG, LAP HANG)
 John Fenyu Jin)
 CHEN, YUEH-YING)
 WANG, YING-MEI)
 CHUNG, TIEN-KUEN)
 LEE, WEN-TSAO)
 HSU-AN)
 PAN, MAY-CHUN)
 WANG, SHAN-SHAN)
 HSIEH, CHI-YIN)
 HSU, CHEN-YUN)
 WEI, SHUCHING)
 YU-I-TING)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

Witness by:

Name: Shu-Jen Chen

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLERS:

SIGNED, SEALED AND DELIVERED)
 as a **DEED** by)
CHEN Hua Chien)
 for and on behalf of)
WANG, HSIANG-LI)
WU, PING-FANG)
CHEN, CHIEH-HUN)
HSU CHI YING)
 Andrew Williamson)
WU, KO-WEN)
CHEN, YI-WEN)
YANG, SZU-TUNG)
CHEN, YI-HSUAN)
TSAI, WAN-CHUAN)
AI, HSIN-HSIN)
WANG, CHIH-LI)
HUANG, SHIH-CHIEN)
HSU, CHING-HUNG)
LIN, YUNG-YUAN)
YANG, CHIEN-YU)
LI, TSAI-LING)
HUANG, SUNG-HSIEN)
HSU, TSUNG-SHIH)
LAI, YU-HUNG)
CHEN, SHU-JUNG)
CHEN, CHUN-KAI)
SHIH, KUEI-FANG)
LIN, MAN-TUNG)
HSIEH, PI-HSIA)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

Witness by:

Name: Shu-Jen Chen

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLERS:

SIGNED, SEALED AND DELIVERED)
 as a **DEED** by)
CHEN Hua Chien)
 for and on behalf of)
 WEI, DATSEN)
 CHEN, CHI-JUI)
 TSAI, CHUN-MIAO)
 LU, YEN-JUNG)
 LU, PO-SUNG)
 CHEN, CHIEN-HO)
 LIN, YU-HUI)
 HUANG, HO-CHIH)
 SUN, YI-CHING)
 TING, YU-SUNG)
 JIAN, SIAO-CHENG)
 LIU, MING-SHIUAN)
 HSIEH, CHUIN-JU)
 Hsu Tseng, Hsien)
 CHIU, LU-Ting)
 CHEN, TSUI-FANG)
 WU, TSAI-YUN)
 CHEN, KUAN- YING)
 YANG, MING-YING)
 KAO, YUAN-CHUNG)
 WANG, CHING-JU)
 CHI, BEI-CHING)
 Melody J Wang)
 SUN, CHIN-FENG)
 TSENG, CHIUNG-YING)
 CHENG, JEN-HAO)
 KUO, HUI-CHUN)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

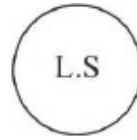
Witness by:

Name: Shu-Jen Chen

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLERS:

SIGNED, SEALED AND DELIVERED)
 as a **DEED** by)
CHEN Hua Chien)
 for and on behalf of)
 SHIH, YA-FENG)
 WU, LI-CHUN)
 TANG KA YEE)
 WU, YI-JIUN)
 CHEN, CHUN-HSIANG)
 HSIEH, CHUNG-CHIEH)
 LEE, CHUN-YI)
 CHANG, CHUAN- YUEH)
 CHANG, YU-HUA)
 SHIH, LI-HUA)
 CHEN, PAO-MEI)
 LAI, SHU-CHEN)
 LIN, TING-YU)
 CHENG, SU-WEN)
 Chan Cheuk Wing Andy)
 LIN, CHIA-WEN)
 TAN KIEN THIAM)
 HSIEH, CHENG-CHUNG)
 CHANG, TENG-YUAN)
 CHAO, WEI-CHEN)
 LEE, KUN-LIN)
 LIAO, YUN-RU)
 CHEN, LI-CHIU)
 CHOU, WAN-JU)
 Liu, Shang-Yun)
 LU, YUN-FU)
 YANG, SZU-YI)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

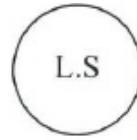
Witness by:

Name: Shu-Jen Chen

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLERS:

SIGNED, SEALED AND DELIVERED)
 as a **DEED** by)
CHEN Hua Chien)
 for and on behalf of)
 CHOU, YU-WEI)
 LIN, HUI-CHEW)
 LIU, HUNG-CHUNG)
 LAI, YU-HAO)
 HUANG, CHIEN-CHIN)
 LO, PEI-CHI)
 LAI, SHU-JUNG)
 CHANG, YI-FENG)
 CHAN, WEN-KUNG)
 CHEN-HUNG-LING)
 NINA LAPKE)
 CHEN, CHIU-CHIN)
 LIN, YI-WEI)
 TUNG, KAI-CHE)
 HSU, CHING-I)
 HSU, CHIH-HAO)
 CHIANG, WEI-WEI)
 CHEN, BO-SHAU)
 LIU, YEN-TING)
 CHEN, HUI-SHAN)
 TSE, KA-PO)
 LEE, YUAN)
 WANG, I-PING)
 LO, CHI-CHIH)
 CHOU, SHIH-WEN)
 CHEN, SHOU-HSUN)
 LIN, PEI-YI)
 LO, YU-SHAN)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

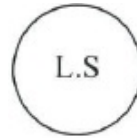
Witness by:

Name: Shu-Jen Chen

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLERS:

SIGNED, SEALED AND DELIVERED)
 as a **DEED** by)
CHEN Hua Chien)
 for and on behalf of)
 WANG, KO-LI)
 WANG, YU-CHEN)
 LIN, KUAN-HAN)
 HSU, SHAN-HU)
 KUO, TZU-WEI)
 CHEN, CHENG-TA)
 HUANG, YI)
 HUANG, LING-YI)
 YANG, PEI-JIA)
 LIU, PENG-HSUAN)
 LIU, KUAN-YU)
 HSIAO, HONG-KUNG)
 CHUNG, YU-HAN)
 CHUNG, PEI-FANG)
 Timothy Tak-Chun YIP)
 POON SONG LING)
 WU, CHIN-FANG)
 LIN, YU)
 CHEN, YING-JA)
 CHANG, YA-LING)
 YU, PEI-NING)
 WANG, LIEN-TU)
 Seo Tho Wee Siang)
 CASSIAN-YEE)
 YEUNG TZE SHAN)
 HSIEH, YI-LIN)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

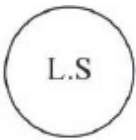
Witness by:

Name: Shu-Jen Chen

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLERS:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
CHEN Hua Chien)
for and on behalf of)
CHUANG, SIN-HUA)
LIU, CHI-JUI)
LIU, YOU-CHENG)
YANG, SHANG-FANG)
LU, HSIAO- YUN)
JAN, YI-HUA)
TENG, YUNG-YI)
Lin, Wei-Chun)
CHEN, YI-HUA)
CHANG, CHIH-CHUN)
WU, CHIA-LING)
CHEN, MING-HUI)
WANG, WEN-TUNG)
WEN, CHUN FANG)
HUANG, WAN-MIN)
YANG, HANG-CHE)
CHAN,KA-IN)
YEH-HAN WANG)
HO, TIEN-YU JESSICA)
BHAN PRERANA)
Ann Lin)
LIN, YU-JU)
HUANG, YU-FENG)
LIU, CHIA-WEI)
CHAN, KAI-LEUNG CLEMENT)
CHANG, CHUN-CHUAN)
CHU, SUK-MEI)



/s/ Hua Chien Chen

in the presence of:

/s/ Shu-Jen Chen

Witness by:

Name: Shu-Jen Chen

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

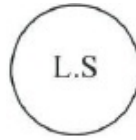
SELLER:

SIGNED, SEALED AND DELIVERED)

as a **DEED** by *Shu FENG*)

as *director* of)

Unique Life Limited)



/s/ Shu FENG

I/We agree to sell:

ALL of the Shares in the Company registered in my/our name; or

the below number of the Shares in the Company registered in my/our name:

- Other Ordinary Shares: _____
- Existing Shareholder Ordinary Shares: _____
- Investor Ordinary Shares: _____

in the presence of:

/s/ Huijuan Wang

Witness by:

Name: Huijuan Wang

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

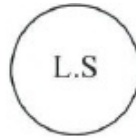
SELLER:

SIGNED, SEALED AND DELIVERED)

as a **DEED** by *Shu FENG*)

as *director* of)

Graceful Life Limited)



/s/ Shu FENG

I/We agree to sell:

ALL of the Shares in the Company registered in my/our name; or

the below number of the Shares in the Company registered in my/our name:

- Other Ordinary Shares: _____
- Existing Shareholder Ordinary Shares: _____
- Investor Ordinary Shares: _____

in the presence of:

/s/ Huijuan Wang

Witness by:

Name: Huijuan Wang

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

The **COMMON SEAL** of)
Wealth Power Asia Investment Limited)
was hereunto affixed in the presence of:)

/s/ Chiang Lai Ling
[Director][Authorised Signatory]

[Illegible Signature]
[Director][Secretary][Authorised Signatory]

SELLER:

Executed as a deed by)
Wealth Power Asia Investment Limited

/s/ Chiang Lai Ling Signature of director
Name of director

[Illegible Signature] Signature of director/secretary
Name of director/secretary

I/We agree to sell:

ALL of the Shares in the Company registered in my/our name; or

the below number of the Shares in the Company registered in my/our name:

- Other Ordinary Shares: 1,037,594
- Existing Shareholder Ordinary Shares: nil
- Investor Ordinary Shares: 4,055,560

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
KUI Yee Lun Gordon)

/s/ KUI Yee Lun Gordon

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

Witness by:
Name:

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Kris Peng**)
as President of)
Fortune Venture Capital Corporation)

/s/ Kris Peng

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ DJ Lung

Witness by:
Name: DJ Lung

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **SZETO Yat Kong**)
as director of)
Prestige Noble Limited)

/s/ SZETO Yat Kong

We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:

- Other Ordinary Shares: 397,863
- Existing Shareholder Ordinary Shares: _____
- Investor Ordinary Shares: 950,494

in the presence of:

/s/ Benny Wang

Witness by:

Name: Benny Wang

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by [Yang Yi Chung])
as [director/authorised representative/attorney] of)
[SERES INVESTMENTS LIMITED])

/s/ Yang Yi Chung _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Li Chit _____

Witness by: Executive Secretary
Name: Li Chit

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Lin Yu-Chang**)
as attorney of)
JAFCO Asia Technology Fund VII Pte. Ltd.)

/s/ Liu Yu-Chang

We agree to sell:

- ALL of the Shares in the Company registered in our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chang, Yu-Ping

Witness by:

Name: Chang, Yu-Ping

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

EXECUTED AND DELIVERED)
as a DEED by)
CVF NINE LIMITED)
))
) /s/ WONG Hak Keung Albert
) Name: WONG Hak Keung Albert
) Title: Director
))
))
))
))
))
) /s/ MAK Sze Kit
) Name: MAK Sze Kit
) Title: Director
))
))
))

in the presence of:)
))
/s/ Maximilian Shuk Lun Tung)
Name: Maximilian Shuk Lun Tung)
Occupation: Solicitor)
Address: Maximilian Shuk Lun Tung)
Solicitor, Hong Kong SAR)

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

EXECUTED AND DELIVERED)
as a DEED by)
PRIMUS BRAGINSKII LIMITED)
))
) /s/ WONG Hak Keung Albert)
) Name: WONG Hak Keung Albert)
) Title: Director)
))
))
))
))
))
) /s/ MAK Sze Kit)
) Name: MAK Sze Kit)
) Title: Director)
))
))

in the presence of:

/s/ Maximilian Shuk Lun Tung)
Name: Maximilian Shuk Lun Tung)
Occupation: Solicitor)
Address: Maximilian Shuk Lun Tung)
Solicitor, Hong Kong SAR)

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by [insert name of signatory])
as [director/authorised representative/attorney] of)
[insert name of the institutional investor])

/s/ Hua Nan Venture Capital Co., Ltd. _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

/s/ Yao Qing Li _____

in the presence of: /s/ Pei-Tsen Wu

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

The **COMMON SEAL** of)
Ample Pacific Development Limited)
was hereunto affixed in the presence of:)

/s/ Chu Wing Hong, Park
[Authorised Signatory]
Chu Wing Hong, Park

/s/ Pang Wai Yee
[Secretary]
Pang Wai Yee

SELLER:

Executed as a deed by)
Ample Pacific Development Limited)

/s/ Chu Wing Hong, Park Signature of director
Chu Wing Hong, Park Name of director

/s/ Pang Wai Yee Signature of secretary
Pang Wai Yee Name of secretary

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by Seah Kian Wee)
as CEO & Managing Director of UOB Venture)
Management Pte Ltd, Fund Manager of)
UVM 3 Venture Investments LP acting through)
its General Partner UOB Bioventures)
Management Pte Ltd)

/s/ Seah Kian Wee _____

I/We agree to sell:

- ALL of the Shares in the Company registered in our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Jean Thoh Jing Heng _____

Witness by:

Name: Jean Thoh Jing Heng

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by [*Sen Huang Huang*])
as [*chairman*] of)
[*PixArt Investment (Samoa) Ltd.*])

/s/ Sen Huang Huang

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chia-Lin Charlie Chang

Witness by:

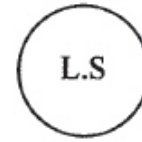
Name: Chia-Lin Charlie Chang

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by [Sen Huang Huang])
as [chairman] of)
[Yuan-Xiang Investment Corp.])



/s/ Sen Huang Huang

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chia-Lin Charlie Chang

Witness by:

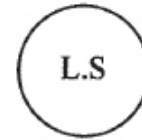
Name: Chia-Lin Charlie Chang

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
KOON, SAY MING WILLIAM)



/s/ Koon, Say Ming William

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: 397,863
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: 1,902,137

in the presence of:

/s/ Shawnl Chen

Witness by:

Name: SHAWN L CHEN

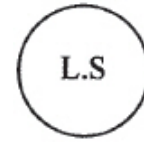
[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED

as a **DEED** by James Ho
as Chairman of
CDIB Capital Healthcare Ventures Limited



/s/ James Ho

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Kung, Te-Chun

Witness by:

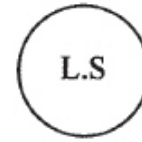
Name: KUNG, TE-CHUN

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by [insert name of signatory])
as [director/ authorised representative/attorney] of)
[insert name of the institutional investor])



/s/ Chow I Chang _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Robert Lin _____

Witness by:

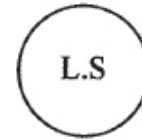
Name: ROBERT LIN

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by Hsu, Douglas Jefferson)
as the Management Director of)
Drive Catalyst SPC)



/s/ Hsu, Douglas Jefferson

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Ding Wei Law

Witness by:

Name: Ding Wei Law

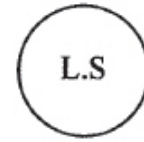
[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED

as a **DEED** by Pai-Chien Huang
as Chairman of
Eminent II Venture Capital Corporation



/s/ Pai-Chien Huang _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chih-Liu Lin _____

Witness by:

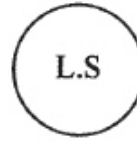
Name: Chih-Liu Lin

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by Yi-Kuei, Chen)
as Director of)
Maxpro Investment Co., Ltd.)



/s/ Yi-Kuei, Chen _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Yuchia, Wang _____

Witness by:

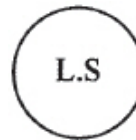
Name: Yuchia, Wang

[Project Ace - Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
[insert individual Investor's name])



/s/ Ng Po Kay, Andy

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: 989, 629

in the presence of:

/s/ Howard Lee

Witness by:

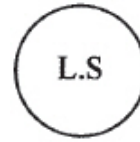
Name: Howard Lee

[Project Ace - Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
Yung Lap Hang)



/s/ Yung Lap Hang _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: 610,087
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: 229,882

in the presence of:

/s/ Leung Sze Man Evon _____

Witness by:

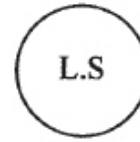
Name: Leung Sze Man Evon

[Project Ace - Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
[insert individual Investor's name])



/s/ Andrew Williamson

I/We agree to sell:

- Lof the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ K E Nelson

Witness by:

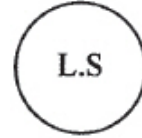
Name: _____

Mrs K E Nelson
180 Hale Road
Hale, Cheshire
WA15 8SQ
Mob. [****]
DOB 08/02/61

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Chan Wai Lung**)



/s/ Chan Wai Lung

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Wong Hoi Ting

Witness by:

Name: Wong Hoi Ting

[Project Ace - Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED

as a **DEED** by **Cheung Yiu Wai**

/s/ Cheung Yiu Wai

I/We agree to sell:

ALL of the Shares in the Company registered in my/our name; or

the below number of the Shares in the Company registered in my/our name:

- Other Ordinary Shares: _____
- Existing Shareholder Ordinary Shares: _____
- Investor Ordinary Shares: _____

in the presence of:

/s/ Wendy Lam Wai Fung

Witness by:

Name: WENDY LAM WAI FUNG

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **LEE Kar Chung Felix**)
as ~~{director/authorised representative/attorney}~~ of)
CTGA Limited)

/s/ LEE Kar Chung Felix _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Winnie Cheung _____

Witness by: Winnie Cheung

Name: Winnie Cheung

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
Ian Crosby)
/s/ Ian Crosby _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Caron M Johnston _____

Witness by:

Name: CARON M JOHNSTON

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
Joanne Crosby)
/s/ Joanne Crosby _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Caron M Johnston _____

Witness by:

Name: CARON M JOHNSTON

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
[insert individual Investor's name])

/s/ John Colkin

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

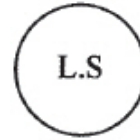
/s/ Ken Cropper
Witness by: Ken Cropper
Name:

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Mok Tony Shu Kam**)
as [~~director/authorised representative/attorney~~] of)
Keen Hunter Limited)



/s/ Mok Tony Shu Kam _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Naomi Wong _____

Witness by:

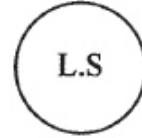
Name: Naomi Wong

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Lee Hon Nam**)



/s/ Lee Hon Nam

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Yeung Ching

Witness by:

Name: YEUNG CHING

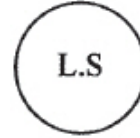
HKID No. [*****]

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Lee Wai Chung Kirsty**)



/s/ Lee Wai Chung Kirsty

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Ting Ling Yin

Witness by:

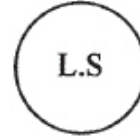
Name: Ting Ling Yin

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Lo Pui Ying**)



/s/ Lo Pui Ying

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Ting Ling Yin

Witness by:

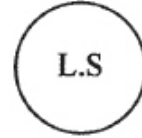
Name: Ting Ling Yin

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Ng Pui Keung**)



/s/ Ng Pui Keung

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Lee Hon Nam

Witness by:

Name: LEE HON NAM

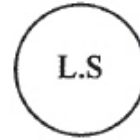
HKID No. [*****]

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
[insert individual Investor's name])



/s/ Peter Maguire _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
 - Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ E Jordaw _____

Witness by:

Name: E Jordaw

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **August Serelli Lee**)
as [~~director~~/authorised representative/~~attorney~~]of)
Premium Alpha Limited)

/s/ August Serelli Lee ON BEHALF OF ADELSIDE INVESTMENTS LIMITED,
DIRECTOR OF PREMIUM ALPHA LIMITED

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chen Yiren
Witness by:
Name: CHEN YIREN

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Somruethai Wongwirattana**)

/s/ Somruethai Wongwirattana

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Ting Ling Yin

Witness by:

Name: Ting Ling Yin

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by)
[insert individual Investor's name])
/s/ Susan Maguire _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ E Jordaw _____
Witness by:
Name: E Jordaw

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Sy Ming Yiu**)

/s/ Sy Ming Yiu _____

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Wong Hoi Ting _____

Witness by:

Name: Wong Hoi Ting

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by **Ting Ling Yin**)

/s/ Ting Ling Yin

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chan Chung Sing

Witness by: CHAN CHUNG SING

Name:

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by Wong Hoi Ting)

/s/ Wong Hoi Ting

1/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chan Wai Lung

Witness by:

Name: Chan Wai Lung

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)

as a **DEED by Wu Shu Ting**)

/s/ Wu Shu Ting

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Chan Wai Lung

Witness by:

Name: Chan Wai Lung

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)

as a **DEED by Zhong Jiefu**)

/s/ Zhong Jiefu

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: _____
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Qiuyoe Wei

Witness by:

Name: Qiuyoe Wei

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written.

SELLER:

SIGNED, SEALED AND DELIVERED)
as a **DEED** by [insert name of signatory])
as [director/authorised representative/attorney] of)
[insert name of the institutional investor])

For and on behalf of
Global Logistic Investment Limited

/s/ Chow I Chang _____
Authorized Signature(s)

I/We agree to sell:

- ALL of the Shares in the Company registered in my/our name; or
- the below number of the Shares in the Company registered in my/our name:
- Other Ordinary Shares: _____
 - Existing Shareholder Ordinary Shares: 904980
 - Investor Ordinary Shares: _____

in the presence of:

/s/ Robert Lin _____
Witness by:
Name: Robert Lin

[Project Ace – Signature Page to Share Purchase Agreement]

IN WITNESS WHEREOF this Agreement has been duly executed as a deed and is intended to be delivered on the date first above written

SIGNED, SEALED AND DELIVERED)
as a **DEED** by YEUNG DANNY SHENG WU)
as CEO of)
Prenetics Global Limited)

/s/ Yeung Danny Sheng Wu

in the presence of:

/s/ Nadia Wong

Witness by:

Name: Nadia Wong

[Project Ace – Signature Page to Share Purchase Agreement]

Certain identified information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential. Such excluded information has been marked with “[****]”

PRENETICS GLOBAL LIMITED

HONGKONG BERRY GENOMICS CO., LIMITED

AND

ACT GENOMICS HOLDINGS COMPANY LIMITED

AGREEMENT FOR SALE AND PURCHASE OF THE
ISSUED SHARES IN ACT GENOMICS HOLDINGS
COMPANY LIMITED

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BETWEEN:

- (1) **PRENETICS GLOBAL LIMITED**, a company incorporated under the laws of the Cayman Islands, trading on NASDAQ with ticker PRE, having its principal executive office at 7/F, K11 Atelier King's Road, 728 Kings Road, Hong Kong (the "**Buyer**");
- (2) **HONGKONG BERRY GENOMICS CO., LIMITED**, a company incorporated under the laws of Hong Kong, having its registered office at 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong (the "**Seller**"); and
- (3) **ACT GENOMICS HOLDINGS COMPANY LIMITED**, a company incorporated under the laws of the Cayman Islands (registered number: 336039), having its registered office at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands (the "**Company**").

THE PARTIES AGREE as follows:

1. **INTERPRETATION**

1.1 In this Agreement:

"**ACT Majority SPA**" means the sale and purchase agreement dated [●] 2022 entered into by the Company, the Buyer and certain shareholders of the Company with respect to the sale of a majority in the issued share capital of the Company (as amended and supplemented from time to time), a copy of which (together with all such amendments and supplements, if any) is appended to this Agreement as Schedule 6;

"**Affiliate**" means:

- (a) in respect of a person who is a natural person, his or her Immediate Family Members or any other person directly or indirectly Controlled by such natural person or his or her Immediate Family Members; and
- (b) in respect of a person who is not a natural person, any other person which, directly or indirectly, Controls, is Controlled by or is under the common Control of the first mentioned person;

"**Amended Articles**" means the Memorandum and Articles of Association in the agreed form to be adopted by the Company at Completion;

"**Amended Shareholders' Agreement**" means the amended and restated Shareholders' Agreement in the agreed form to be entered into by the Buyer, the Company and the Shareholders at Completion;

"**Applicable Laws**" means, with respect to a person, any laws, regulations, rules, measures, guidelines, treaties, judgments, determination, orders or notices of any Government Authority or stock exchange that is applicable to such person;

"**Blue Sky Laws**" means the state securities or "blue sky" laws;

“Business Day” means any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong, the Cayman Islands, Taiwan and the United States are open for the transaction of normal business;

“Buyer Group” means the Buyer and its subsidiaries from time to time;

“Buyer Material Adverse Effect” means any breach of Applicable Laws, any non-renewal of material licences or permits of the Buyer Group, any material change in business of the Buyer Group, and any action taken or omitted to be taken outside of the ordinary course of business of the Buyer Group which result or would reasonably be expected to result in a material adverse effect on the financial results of the Buyer Group, taken as a whole, but excluding any events to the extent arising from:

(A) any change in financial markets, interest rates, exchange rates, commodity prices or other general economic, business or political or geopolitical conditions;

(B) any change in the trading price of the Prenetics Shares or other financial market fluctuations or conditions;

(C) any natural disaster, including any hurricane, flood, tornado, earthquake or other natural disaster;

(D) any changes in the Applicable Laws or applicable accounting standards and principles, including the IFRS, or the enforcement or interpretation in respect of any of the foregoing;

(E) any act of civil unrest, war, sabotage, cyberattack, terrorism or military action, or any outbreak or escalation of hostilities involving the United States or another sovereign political power, the declaration by the United States, the Taiwan Government Authority or another sovereign political power of a national emergency or war or the occurrence of any other calamity or crisis, including the war in Ukraine, Taiwan Strait, or the escalation or worsening of any of the foregoing;

(F) any epidemics or pandemics or other public health crisis (including the COVID-19 pandemic), including any worsening, deterioration or improvement of any of the foregoing;

(G) changes in conditions generally affecting the industry in which the Buyer Group operates; or

(H) any action or omission by the Buyer Group as required under Applicable Laws,

except in the case of items (A) to (H) above, to the extent that such change or event does not materially and disproportionately affect the Buyer Group taken as a whole when compared with other businesses operating in the same industry;

“Buyer SEC Documents” has the meaning given in paragraph 3.1 of Schedule 4;

“Buyer Warranty” means a statement contained in Schedule 4;

“Cash Incentive Payment” has the meaning given in clause 3.3;

“**Completion**” means completion of the sale and purchase of all of the Sale Shares in accordance with this Agreement;

“**Completion Date**” has the meaning given in clause 5.1;

“**Condition**” means a condition set out in clause 4.1;

“**Confidential Information**” means all information which relates to the business and affairs of any Group Company or any party and the Transaction Information, but does not include information:

- (a) to the extent that it is generally known to the public not as a result of any breach of duty of confidentiality;
- (b) (other than in respect of the Transaction Information) that was lawfully in the possession of the receiving party prior to its disclosure by the disclosing party; or
- (c) (other than in respect of the Transaction Information) that is or becomes available to the receiving party other than as a result of a disclosure by a person which the receiving party knows is in breach of a duty of confidentiality owed to the disclosing party;

“**Consideration Shares**” has the meaning given in clause 3.2.1;

“**Control**” means the ownership, directly or indirectly, of more than 50 per cent. (50%) of the voting shares, registered capital or other equity interest of the relevant person or the possession, directly or indirectly, of the power to direct the shareholders’ general meeting, to appoint or elect a majority of the directors, or otherwise to direct the management of the relevant person;

“**CP Defaulting Party**” has the meaning given in clause 4.6;

“**CP Non-defaulting Party**” has the meaning given in clause 4.6;

“**Cure Period**” has the meaning given in clause 4.6;

“**Defaulting Party**” has the meaning given in clause 5.7;

“**Designated Bank Account**” means HONGKONG BERRY GENOMICS CO.,LIMITED, OSA11443632932768, SHANGHAI PUDONG DEVELOPMENT BANK, SPDBCNSHOSA, 12 ZHONG SHAN DONG YI LU ;

“**Dispose**” and “**Disposal**” each has the meaning given to it in the ACT Majority SPA;

“**Dispute**” has the meaning given in clause 20.1;

“**Encumbrance**” means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, assignment, deed of trust, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect;

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Existing Shareholder Ordinary Shares**” means the ‘existing shareholder ordinary shares’ of par value US\$0.0001 each in the capital of the Company;

“**Fifth Lock-up Period**” has the meaning given in clause 8.1.5;

“**First Lock-up Period**” has the meaning given in clause 8.1.1;

“**Fourth Lock-up Period**” has the meaning given in clause 8.1.4;

“**Fundamental Warranty**” means a statement contained in Schedule 3;

“**Fundamental Warranty Claim**” means any claim made by the Buyer for breach of any Fundamental Warranty;

“**Government Authority**” means any national, provincial, municipal or local government, administrative or regulatory body or department, court, tribunal, arbitrator or any body that exercises the function of a regulator;

“**Government Official**” means:

- (a) an employee, officer or representative of, or any person otherwise acting in an official capacity for or on behalf of, a Government Authority;
- (b) a person holding any legislative, administrative or judicial position of any kind, regardless of whether elected or appointed;
- (c) an officer of, or an individual who holds a position in, a political party;
- (d) a candidate for political office;
- (e) an individual who holds any other official, ceremonial or other appointed or inherited position with a government or any of its agencies; or
- (f) an individual who exercises a public function for or on behalf of a country or territory or for any public agency or public enterprise of that country or territory;

“**Group Company**” means the Company or any of its Subsidiaries, and “**Group**” and “**member of the Group**” shall be construed accordingly;

“Group Company Material Adverse Effect” means any change, fact, circumstance, event, condition, development, effect or occurrence that, individually or in the aggregate with all other changes, facts, circumstances, events, conditions, developments, effects or occurrences has had or would reasonably be expected to (i) have a material adverse effect on the condition (financing, trading or otherwise), assets, liabilities, revenue, profits, prospects, operations, results or business of the Group, taken as a whole; or (ii) prevent or materially impair the ability of the Buyer to consummate the transactions contemplated under this Agreement, but excluding any results, occurrences, facts, changes, conditions, circumstances, events or effects to the extent arising from:

(A) any change in financial markets, interest rates, exchange rates, commodity prices or other general economic, business or political or geopolitical conditions;

(B) financial market fluctuations or conditions;

(C) any natural disaster, including any hurricane, flood, tornado, earthquake or other natural disaster;

(D) any changes in the Applicable Law or applicable accounting standards and principles, including the IFRS, or the enforcement or interpretation in respect of any of the foregoing;

(E) any act of civil unrest, war, sabotage, cyberattack, terrorism or military action, or any outbreak or escalation of hostilities involving the United States or another sovereign political power, the declaration by the United States, the Taiwan Government Authority or another sovereign political power of a national emergency or war or the occurrence of any other calamity or crisis, including the war in Ukraine, Taiwan Strait, or the escalation or worsening of any of the foregoing;

(F) any epidemics or pandemics or other public health crisis (including the COVID-19 pandemic), including any worsening, deterioration or improvement of any of the foregoing;

(G) changes in conditions generally affecting the industry in which the Group operates; or

(H) any action or omission by any Group Company as required under Applicable Laws,

except in the case of items (A) to (H) above, to the extent that such change or event does not materially and disproportionately affect the Group taken as a whole when compared with other businesses operating in the same industry;

“HKIAC” has the meaning given in clause 20.1;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“IFRS” means the International Financial Reporting Standards and applicable accounting requirements set by the International Standards Board or any successor thereto, as in effect from time to time;

“Immediate Family Members” means:

(a) spouse, parents, parents-in-law, grandparents, children, grandchildren, siblings and spouses of children, grandchildren and siblings (in each case, whether adoptive or biological); and

(b) estates, trusts, partnerships and other persons which directly or indirectly through one or more intermediaries are Controlled by the foregoing;

“**Indemnifying Party**” or “**Indemnifying Parties**” has the meaning given in paragraph 1.1 of Schedule 5;

“**Investor Ordinary Shares**” means the ‘investor ordinary shares’ of par value US\$0.0001 each in the capital of the Company;

“**Lock-up Period**” has the meaning given in clause 8.1.7;

“**Locked-up Consideration Shares**” means 2,293,973 Consideration Shares;

“**Locked-up Securities**” has the meaning given in clause 8.1;

“**Longstop Date**” means the date which is six (6) months following the date of this Agreement, or such later date as the Buyer and the Seller may agree in writing;

“**Mainland Chinese Investor**” means an ‘investor’ subject to the regulations under the Act Governing Relations between the People of the Taiwan Area and the Mainland Area (臺灣地區與大陸地區人民關係條例), the Enforcement Rules for the Act Governing Relations between the People of the Taiwan Area and the Mainland Area (臺灣地區與大陸地區人民關係條例施行細則), the Measures Governing Investment Permit to the People of Mainland Area (大陸地區人民來台投資許可辦法) and the orders and regulations announced by the Government Authority from time to time;

“**Non-defaulting Party**” has the meaning given in clause 5.7;

“**Notice**” has the meaning given in clause 18.1;

“**Other Ordinary Shares**” means the ‘other ordinary shares’ of par value US\$0.0001 each in the capital of the Company;

“**Personal Information**” means any information about an identifiable individual (including any Group Company’s employees, customers, suppliers, directors and officers), regardless of whether the information is Confidential Information;

“**Prenetics Shares**” means the class A ordinary shares of par value US\$0.0001 each in the share capital of the Buyer;

“**Protected Information**” means Confidential Information and Personal Information;

“**Purchase Price**” has the meaning given in clause 3.1;

“**Reimbursement Cap**” is US\$500,000.

“**Relevant Claim**” means any Fundamental Warranty Claim or any other claim made by the Buyer under this Agreement;

“**Relief**” means any loss, relief, allowance, exemption, set-off, deduction, right to repayment or credit or other relief of a similar nature granted by or available in relation to Tax pursuant to any legislation or otherwise;

“**Rules**” has the meaning given in clause 20.1;

“**Sale Shares**” means 15,816,581 Investor Ordinary Shares to be sold by the Seller in accordance with this Agreement;

“**Sanomics Seller**” has the meaning given to it in the ACT Majority SPA;

“**Sanomics Settlement Deed**” means the settlement deed dated [*] 2022 entered into by the Company and certain shareholders of the Company (including the Seller) with respect to the Sanomics SPA;

“**Sanomics SPA**” means the sale and purchase agreement dated 18 October 2021 entered into between the Company as the buyer and the selling shareholders of Sanomics Holdings Limited as sellers;

“**SEC**” means the United States Securities and Exchange Commission;

“**Second Lock-up Period**” has the meaning given in clause 8.1.2;

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**Senior Management**” has the meaning given in clause 8.3.1;

“**Seller Affiliate**” means an Affiliate of the Seller;

“**Seventh Lock-up Period**” has the meaning given in clause 8.1.7;

“**Shareholder**” means a holder of Shares in the Company;

“**Shareholders’ Agreement**” means the shareholders’ agreement in relation to the Company dated 15 March 2022, as supplemented and amended;

“**Shares**” means the Investor Ordinary Shares, the Existing Shareholder Ordinary Shares and the Other Ordinary Shares;

“**Sixth Lock-up Period**” has the meaning given in clause 8.1.6;

“**SOX**” means the Sarbanes-Oxley Act;

“**Subsidiaries**” means the subsidiaries of the Company;

“**Tax**” and “**Taxation**” mean any form of taxation, levy, duty, charge, contribution, withholding or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by, or payable to, a Tax Authority;

“**Tax Authority**” mean any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function;

“**Third Lock-up Period**” has the meaning given in clause 8.1.3;

“**Third Parties Ordinance**” means the Contracts (Rights of Third Parties) Ordinance (Cap. 623, Laws of Hong Kong);

“**TIC**” means the Ministry of Economic Affairs Investment Commission of Taiwan;

“**Transaction Documents**” means:

- (a) this Agreement;
- (b) the Sanomics Settlement Deed;
- (c) the Amended Shareholders’ Agreement; and
- (d) the Amended Articles;

“**Transaction Information**” means any information relating to the terms of the transactions contemplated under and the provisions or subject matter of this Agreement or any other Transaction Document;

“**Tribunal**” has the meaning given in clause 20.2.1; and

“**US\$**” or “**USD**” means United States dollars, the lawful currency of the United States of America;

1.2 In this Agreement, a reference to:

- 1.2.1 a “**subsidiary**” or “**holding company**” is to be construed in accordance with sections 13 to 15 of the Companies Ordinance (Cap. 622, Laws of Hong Kong);
- 1.2.2 liability under, pursuant to or arising out of (or any analogous expression) any agreement, contract, deed or other instrument includes a reference to contingent liability under, pursuant to or arising out of (or any analogous expression) that agreement, contract, deed or other instrument;
- 1.2.3 a party being liable to another party, or to liability, includes any liability in equity, contract or tort (including negligence) or under the Misrepresentation Ordinance (Cap. 284, Laws of Hong Kong);
- 1.2.4 a document in the “**agreed form**” is a reference to a document in a form approved and confirmed in writing by or on behalf of each party;
- 1.2.5 a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time before the date of this Agreement and any subordinate legislation made under the statutory provision (as so modified or re-enacted) before the date of this Agreement;
- 1.2.6 a “**person**” includes a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state or any joint venture, association or partnership, works council or employee representative body (whether or not having separate legal personality);

- 1.2.7 a person includes a reference to that person's legal personal representatives, successors and permitted assigns;
 - 1.2.8 a "party" includes a reference to that party's successors and permitted assigns;
 - 1.2.9 a clause, paragraph or Schedule, unless the context otherwise requires, is a reference to a clause or paragraph of, or Schedule to, this Agreement;
 - 1.2.10 any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include what most nearly approximates in that jurisdiction to the Hong Kong legal term and to any Hong Kong ordinance or regulation shall be construed so as to include equivalent or analogous laws of any other jurisdiction;
 - 1.2.11 time of the day is to Hong Kong time;
 - 1.2.12 the singular includes the plural and *vice versa*; and
 - 1.2.13 one gender includes all genders.
- 1.3 The *ejusdem generis* principle of construction shall not apply to this Agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. Any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.4 The headings in this Agreement do not affect its interpretation.
- 1.5 A reference in Schedule 4 to "to the Buyer's knowledge" includes the knowledge, information and belief of each of YEUNG Danny and LO Stephen acquired on or after the date on which he becomes an employee of the Buyer.

2. SALE AND PURCHASE

- 2.1 Subject to the terms and conditions of this Agreement, the Seller agrees to sell to the Buyer, and the Buyer agrees to buy, the Sale Shares and each right attaching to such Sale Shares at Completion, free from any Encumbrance.
- 2.2 The Seller hereby consents to the sale and purchase of the Sale Shares, and waives all rights of pre-emption and other restrictions on transfer over, the Sale Shares conferred on them (if any) so as to permit the sale and purchase of the Sale Shares.
- 2.3 The Seller hereby approves that the transactions contemplated in this Agreement shall not constitute a "Deemed Liquidation Event" set forth in section 2.2 of the Shareholders' Agreement and article 11.2 of the Third Amended and Restated Memorandum and Articles of Association of the Company, and the execution of this Agreement shall serve as a written notice to the Company thereunder.

3. PURCHASE PRICE AND CASH INCENTIVE PAYMENT

- 3.1 The total purchase price for the Sales Shares (the “**Purchase Price**”) shall be US\$25,306,529.60, being an amount equal to the total number of Sale Shares multiplied by a Purchase Price per Sale Share of US\$1.6. The implied valuation of the Company at Completion on a fully diluted basis (taking into account the issue of Investor Ordinary Shares by the Company in accordance with the Sanomics Settlement Deed and any other Shares on or prior to Completion) shall be US\$270,000,000.
- 3.2 The Purchase Price shall be satisfied by:
- 3.2.1 the allotment and issue by the Buyer of Prenetics Shares at the subscription price of US\$10 per Prenetics Share at Completion, each credited as fully paid, in accordance with paragraph 3.1.1(a) of Schedule 2 (the “**Consideration Shares**”), at an exchange ratio of 6.25 Sale Shares to one (1) Prenetics Share (the “**Exchange Ratio**”); and
- 3.2.2 the Seller shall be entitled to receive 2,530,652 Consideration Shares, calculated by dividing the number of Sale Shares held by it as at Completion divided by the Exchange Ratio and rounded down to the nearest whole number.
- 3.3 In addition to the Purchase Price, the Buyer shall pay a total sum of US\$958,224.34 as a cash incentive payment (the “**Cash Incentive Payment**”) to the Seller in respect of the Sale Shares held by it at Completion.

4. CONDITIONS

- 4.1 Completion by the Buyer is conditional on the following Conditions being satisfied on terms that are reasonably satisfactory to the Buyer, or waived by the Buyer in accordance with clause 4.5:
- 4.1.1 each of the Fundamental Warranties remaining true, accurate and not misleading in all material respects as at Completion;
- 4.1.2 there having been no material breach by the Seller of its obligations under this Agreement between the date of this Agreement and Completion;
- 4.1.3 any and all consents, approvals and waivers in connection with the execution, delivery and performance of this Agreement by the Seller and the consummation of the transactions contemplated under this Agreement on the part of the Seller having been obtained and remaining in full force and effect as at Completion, and no such consent, approval or clearance having been revoked or modified prior to Completion;
- 4.1.4 there being no litigation, regulatory action or other legal, regulatory, or other administrative proceedings that would reasonably be expected to prohibit, enjoin, challenge, interfere or delay the consummation of any of the transactions by and on the part of the Seller as contemplated under this Agreement;
- 4.1.5 no Group Company Material Adverse Effect having occurred between the date of this Agreement and Completion; and

- 4.1.6 the Seller being, and remaining as, a holder of all of the Sale Shares at all times between the date of this Agreement and Completion.
- 4.2 Completion by the Seller is conditional on the following Conditions being satisfied on terms that are reasonably satisfactory to the Seller, or waived in accordance with clause 4.5:
- 4.2.1 each of the Buyer Warranties that are qualified with respect to materiality shall remain true, accurate and not misleading in all respects, and each of the Buyer Warranties that are not so qualified shall be true, accurate and not misleading in all material respects, in each case as of the date hereof and as at Completion, except for those Buyer Warranties that are as of a specific date, which shall be true, accurate and not misleading as of such date;
- 4.2.2 any and all consents, approvals and waivers in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated under this Agreement (including the acquisition of the Sale Shares by the Buyer and the issuance of the Consideration Shares) having been obtained and remaining in full force and effect as at Completion, and no such consent, approval or clearance having been revoked or modified prior to Completion;
- 4.2.3 there being no litigation, regulatory action or other legal, regulatory or other administrative proceedings that would reasonably be expected to prohibit, enjoin, challenge, interfere or delay the consummation of any of the transactions contemplated under this Agreement;
- 4.2.4 no Buyer Material Adverse Effect having occurred between the date of this Agreement and Completion;
- 4.2.5 the Sanomics Settlement Deed having been entered into on terms satisfactory to the Seller; and
- 4.2.6 the terms and conditions of this Agreement being (and remaining, as at Completion), in the Seller's sole reasonable opinion, no less favourable to the Seller than the terms and conditions of the ACT Majority SPA that are applicable to any Sanomics Seller pursuant to the terms and conditions of the ACT Majority SPA, including (but not limited to) such provisions in relation to the calculation of the Purchase Price and the Exchange Ratio.
- 4.3 The Seller shall use its reasonable endeavours to achieve satisfaction of each of the Conditions set out in clauses 4.1.1, 4.1.2, 4.1.3, 4.1.4 and 4.1.6 as soon as possible after the date of this Agreement and in any event not later than the Completion Date. The Buyer shall use its reasonable endeavours to achieve satisfaction of each of the Conditions set out in clause 4.2 as soon as possible after the date of this Agreement and in any event not later than the Completion Date.
- 4.4 If, at any time, any of the parties becomes aware of a fact or circumstance that might prevent a Condition being satisfied by the Longstop Date, it shall immediately inform the Buyer (in the case of the Seller becoming aware of such fact or circumstance) or the Seller (in the case of the Buyer becoming aware of such fact or circumstance).

- 4.5 At any time on or before the Completion Date, the Buyer may waive any Condition set out in clauses 4.1 by Notice to the Seller on any terms it decides, and the Seller may waive any Condition set out in clause 4.2 by Notice to the Buyer on any terms it decides.
- 4.6 If the Seller fail to satisfy, or procure the satisfaction of, any of those Conditions that it has agreed to use its reasonable endeavours to procure the satisfaction of, as set out in clause 4.3, or the Buyer fails to satisfy, or procure the satisfaction of, any Condition set out in clause 4.2 (each a “**CP Defaulting Party**”), in each case by 5.00 p.m. on the Longstop Date, and the Buyer (if the Seller is a CP Defaulting Party) or the Seller (if the Buyer is a CP Defaulting Party) does not waive such Condition, the CP Defaulting Party shall be entitled to remedy such failure and achieve the satisfaction of the relevant Condition within twenty (20) Business Days after the Longstop Date (the “**Cure Period**”). If, following expiry of the Cure Period, the relevant Condition remains unsatisfied and the Buyer (for any Condition set out in clause 4.1) or the Seller (for any Condition set out in clause 4.2) has not waived such Condition before the expiry of the Cure Period, this Agreement shall automatically terminate with immediate effect, and the Company shall indemnify the Buyer (if the Seller is the CP Defaulting Party) or the Buyer shall indemnify the Company (if the Buyer is the CP Defaulting Party) (the Buyer or the Company (as applicable) who is being indemnified shall be a “**CP Non-defaulting Party**”) for a breach of the obligations of the Buyer or the Seller respectively under clause 4.3, and keep the CP Non-defaulting Party indemnified, on demand against all external advisor fees and any other fees directly incurred by the CP Non-defaulting Party relating to the transactions contemplated by the Transaction Documents (including the negotiation, preparation, execution and performance by it of this Agreement and of each other Transaction Document), up to the Reimbursement Cap.
- 4.7 If this Agreement is terminated pursuant to clause 4.6, each party’s further rights and obligations cease immediately on termination, but termination does not affect a party’s accrued rights and obligations as at the date of termination or its rights and obligations arising as a result of termination, provided that the remedies set forth in clause 4.6 shall be the CP Non-defaulting Party’s sole and exclusive remedy for any claim made by CP Non-defaulting Party against the CP Defaulting Party for the termination of this Agreement pursuant to clause 4.6 (unless the termination of this Agreement is as a result of any fraud or wilful misconduct of the CP Defaulting Party).
- 4.8 Between the date and time of signing of this Agreement and the date and time of Completion, if there is any amendment or supplement to the ACT Majority SPA, the Buyer shall forthwith provide a duly executed electronic copy of such amendment, supplement or restatement, as applicable, such as to allow the Seller to assess whether the Condition set out under clause 4.2.6 has been fulfilled. For the avoidance of doubt, if the Seller, in its sole reasonable discretion, considers that the Condition under clause 4.2.6 has not yet been fulfilled, it may either exercise its right to waive such Condition in accordance with clause 4.5 above, or if it opts not to exercise such right, the provisions of clause 4.6 shall apply.
5. **COMPLETION**
- 5.1 Completion shall take place via electronic exchange on the date that is ten (10) Business Days after the date on which the last of the Conditions is satisfied or waived (not being later than the date on which the Cure Period expires), or such other date as the Buyer and the Seller may agree in writing (the “**Completion Date**”).

- 5.2 At Completion, the Seller, the Company and the Buyer shall each do all those things respectively required of them in Schedule 2.
- 5.3 The Seller hereby agrees that, in respect of the obligation of the Buyer to pay the Cash Incentive Payment under clause 3.3, the payment by the Buyer to the Designated Bank Account in accordance with paragraph 3.1.1(b) of Schedule 2 shall constitute full and valid discharge of the Buyer's obligations to the Seller under clause 3.3, and following such payment the Buyer shall not be further concerned as to the application of the moneys so paid or have any further obligation to the Seller under clause 3.3.
- 5.4 The Buyer is not obliged to proceed to Completion unless:
- 5.4.1 the Seller and the Company comply with all their obligations under this clause 5 and Schedule 2;
 - 5.4.2 completion under the ACT Majority SPA occurs on or prior to Completion; and
 - 5.4.3 the purchase of all the Sale Shares is completed simultaneously.
- 5.5 The Seller and the Company are not obligated to proceed to Completion unless the Buyer complies with its obligations under clause 4.8, this clause 5 and Schedule 2.
- 5.6 All documents and items delivered and payments made in connection with each Completion shall be held by the recipient to the order of the person delivering or paying them (as the case may be) until such time as Completion takes place.
- 5.7 If Completion does not take place on the Completion Date because the Seller, the Company or the Buyer (each a "**Defaulting Party**") fails to comply with any of its obligations under this clause 5 and Schedule 2 (whether or not such failure by the Seller, the Company or Buyer would amount to a repudiatory breach at common law), the Buyer (if the Seller or the Company is a Defaulting Party) or the Seller and the Company (if the Buyer is a Defaulting Party) (in each case, the "**Non-defaulting Party**") shall by Notice to the Seller and the Company (if the Seller or the Company is the Defaulting Party) or the Buyer (if the Buyer is the Defaulting Party):
- 5.7.1 proceed to Completion to the extent reasonably practicable;
 - 5.7.2 postpone Completion to such date as the Non-defaulting Party may specify (being a date not later than the date on which the Cure Period expires); or
 - 5.7.3 terminate this Agreement.
- 5.8 If the Non-defaulting Party chooses to postpone Completion to another date in accordance with clause 5.7.2, the provisions of this Agreement apply as if that other date is the relevant Completion Date.
- 5.9 If the Non-defaulting Party terminates this Agreement pursuant to clause 5.7.3:
- 5.9.1 the Defaulting Party shall indemnify the Buyer (if the Seller or the Company is the Defaulting Party) or the Seller and the Company (if the Buyer is the Defaulting Party), and keep such party indemnified, on demand against all external advisor fees and any other fees directly incurred by the Non-defaulting Party relating to the transactions contemplated by the Transaction Documents to which it is a party (including the negotiation, preparation, execution and performance by it of this Agreement and of such Transaction Documents), up to the Reimbursement Cap; and

5.9.2 each party's further rights and obligations cease immediately on termination and none of the parties shall be liable to the other parties on account of such termination, provided that the remedies set forth in clause 5.9.1 shall be the Non-defaulting Party's sole and exclusive remedy for any claim made by Non-defaulting Party against the Defaulting Party for the termination of this Agreement pursuant to clause 5.7.3 (unless the termination of this Agreement is as a result of any fraud or wilful misconduct of the Defaulting Party).

6. WARRANTIES AND PRE-COMPLETION CONDUCT

- 6.1 The Seller represents and warrants to the Buyer that each Fundamental Warranty is true, accurate and not misleading as at the date of this Agreement. Immediately before Completion, the Seller is deemed to represent and warrant to the Buyer that each Fundamental Warranty is true, accurate and not misleading by reference to the facts and circumstances as at Completion. For this purpose only, where there is an express or implied reference in a Fundamental Warranty to the "date of this Agreement", that reference is to be construed as a reference to the Completion Date.
- 6.2 The Buyer represents and warrants to the Company and the Seller that each Buyer Warranty is true, accurate and not misleading as at the date of this Agreement. Immediately before Completion, the Buyer is deemed to represent and warrant to the Company and the Seller that each Buyer Warranty is true, accurate and not misleading by reference to the facts and circumstances as at Completion. For this purpose only, where there is an express or implied reference in a Buyer Warranty to the "date of this Agreement", that reference is to be construed as a reference to the Completion Date.
- 6.3 The Seller's and the Company's liability for Relevant Claims shall be limited as set out in Schedule 5.
- 6.4 Each Fundamental Warranty is to be construed independently and (except where this Agreement provides otherwise) is not limited by a provision of this Agreement or another Fundamental Warranty.
- 6.5 Between the execution of this Agreement and Completion, the Seller shall approve the amendment of the Shareholders' Agreement.
- 6.6 Between the execution of this Agreement and Completion, the Seller shall not:
- 6.6.1 enter into or be involved in any discussion or negotiation with any person except the Buyer in connection with the sale of any Share or any share of any Group Company, the sale or merger of any Group Company or the sale of the business or any part of the business of or the disposal of any of the assets or the business of any Group Company;
 - 6.6.2 enter into an agreement or arrangement with any person except the Buyer in connection with the sale of any Share or any share of any Group Company, the sale or merger of any Group Company or the sale of the business or any part of the business of or the disposal of any of the assets of any Group Company; or

- 6.6.3 make available to any person except the Buyer any information relating to the sale of any Share or any share of any Group Company, the sale or merger of any Group Company or the sale of the business or any part of the business of or the disposal of any of the assets of any Group Company.
- 6.7 Between the execution of this Agreement and Completion, the Seller shall notify the Buyer immediately if it or any of its or its Affiliates' directors, employees or advisors becomes aware of a matter, fact or circumstance which constitutes or which would or might constitute a breach (whether repudiatory in nature or not) of any provision under this Agreement or which would or might cause a Fundamental Warranty to be untrue, inaccurate or misleading if given in respect of the matters, facts or circumstances at the relevant time between signing and Completion.

7. INDEMNITIES

- 7.1 Subject to the limitations set out in Schedule 5, the Seller shall, in respect of any Relevant Claim against the Seller (including any Fundamental Warranty Claim against the Seller or a breach or an alleged breach of any obligation of the Seller under this Agreement), indemnify the Buyer, and keep the Buyer indemnified, on demand against each loss, liability and cost which the Buyer incurs, in each case, whether before or after the start of an action arising (directly or indirectly) out of:
- (a) the settlement of such Relevant Claim against the Seller; and
 - (b) legal proceedings against the Seller in respect of such Relevant Claim.

8. LOCK-UP

- 8.1 Without prejudice to any requirement under Applicable Laws in respect of any Disposal, the Seller undertakes to the Buyer that, in respect of the Locked-Up Consideration Shares it receives at Completion and any other equity securities issued by the Buyer in respect thereof as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation of the Locked-Up Consideration Shares (the "**Locked-up Securities**"), it shall not, and shall procure that none of its Affiliates, nominees, trusts associated with it or any person acting on its or their behalf shall, without the prior written consent of the Buyer:
- 8.1.1 from and including the Completion Date to and excluding the date falling six (6) months after the Completion Date (the "**First Lock-up Period**"), Dispose of any Locked-up Securities;
 - 8.1.2 from and including the date on which the First Lock-up Period expires to and excluding the date falling three (3) months after the date on which the First Lock-up Period expires (the "**Second Lock-up Period**"), Dispose of more than twenty-five per cent. (25%) of the Locked-up Consideration Shares held by the Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);

- 8.1.3 from and including the date on which the Second Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Second Lock-up Period expires (the “**Third Lock-up Period**”), Dispose of more than thirty-seven and a half per cent. (37.5%) of the Locked-up Consideration Shares held by the Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);
- 8.1.4 from and including the date on which the Third Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Third Lock-up Period expires (the “**Fourth Lock-up Period**”), Dispose of more than fifty per cent. (50%) of the Locked-up Consideration Shares held by the Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);
- 8.1.5 from and including the date on which the Fourth Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Fourth Lock-up Period expires (the “**Fifth Lock-up Period**”), Dispose of more than sixty-two and a half per cent. (62.5%) of the Locked-up Consideration Shares held by the Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation);
- 8.1.6 from and including the date on which the Fifth Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Fifth Lock-up Period expires (the “**Sixth Lock-up Period**”), Dispose of more than seventy-five per cent. (75%) of the Locked-up Consideration Shares held by the Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation); and
- 8.1.7 from and including the date on which the Sixth Lock-up Period expires to and excluding the date falling three (3) months after the date on which the Sixth Lock-up Period expires (the “**Seventh Lock-up Period**”, and together with the First Lock-up Period, the Second Lock-up Period, the Third Lock-up Period, the Fourth Lock-up Period, the Fifth Lock-up Period and the Sixth Lock-up Period, the “**Lock-up Period**”), Dispose of more than eighty-seven and a half per cent. (87.5%) of the Locked-up Consideration Shares held by the Seller immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation).
- 8.2 The restrictions set out in clause 8.1 shall not prohibit any transfer of any Locked-up Securities by the Seller to an Affiliate of the Seller.
- 8.3 The restrictions set out in clause 8.1 prohibiting the Disposal of any Locked-up Securities by the Seller shall cease to apply in the event if, at any time during the Lock-up Period:

- 8.3.1 material changes are made to the functions of the chief executive officer, chief scientific officer or chief financial officer of the Buyer (“**Senior Management**”), which materially impact the Buyer’s ability to carry out its ordinary course of business;
- 8.3.2 any person holding any Senior Management position intentionally fails to perform the functions of such Senior Management position, which materially impacts the Buyer’s ability to carry out its ordinary course of business;
- 8.3.3 any member of the Senior Management of the Buyer being indicted of any criminal offence or any offence relating to fraud, bribery or corruption;
- 8.3.4 a change of Control occurs in respect of the Buyer; or
- 8.3.5 the Buyer becomes insolvent under the laws of its jurisdiction of incorporation.

9. SALE OF THE CONSIDERATION SHARES

- 9.1 With a view to making available to the Seller the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any applicable securities laws that may at any time permit the Seller to sell securities of the Buyer to the public without registration, the Buyer shall:
 - 9.1.1 deliver instructions (and, if required, a legal opinion) to the transfer agent to release the Locked-up Consideration Shares from the lock-up arrangements pursuant to clause 8.1 and to issue the direct registration statement (DRS) statements to the Seller;
 - 9.1.2 use reasonable endeavours to timely file all reports and take such other action as is required to make adequate current public information available as set forth in Rule 144; and
 - 9.1.3 use reasonable efforts to take any such further action as the Seller may reasonably request or may be reasonably required by the relevant transfer agent, in each case to the extent required from time to time to enable the holder of the relevant Consideration Shares to sell Consideration Shares held by it without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act and any comparable provision of any applicable securities laws.
- 9.2 The Buyer will not require the Seller to provide a legal opinion for the sale of any Consideration Shares under Rule 144 and if the transfer agent of the Buyer requests for such a legal opinion, the Buyer shall engage its own counsel to issue such a legal opinion at the Buyer’s cost.

10. UNDERTAKINGS BY THE SELLER

- 10.1 The Seller undertakes to the Buyer, acting for itself that it will, and will procure that its Affiliates will, refrain from taking actions, directly or indirectly, or making statements, written or oral, which publicly defame the goodwill or reputation of any Group Company or the Buyer (or any of the Buyer’s Affiliates) for a period of two (2) years starting on the date of this Agreement.

10.2 The parties consider that the restrictions contained in clause 10.1 are reasonable but if any such restriction shall be found to be unenforceable but would be valid if any part of it were deleted or the period or area of application reduced such restriction shall apply with such modification as may be necessary to make it valid and effective.

11. FURTHER UNDERTAKINGS

11.1 Except as arising pursuant to the Transaction Documents, with effect from Completion, the Seller irrevocably waives, and procures each of its Affiliates to waive, any and all claims against each of the Group Companies in respect of any liabilities or obligations, whether actual or contingent, of such Group Company to the Seller or the Seller Affiliates (as applicable).

12. CONFIDENTIAL INFORMATION

12.1 Each party undertakes to the other parties, that before and after Completion such party shall:

12.1.1 not use or disclose to any person Protected Information it has or acquires;

12.1.2 make every effort to erase from any computer under the control of any party any document, disk or file containing, reflecting or generated from any Protected Information, and following such erasure, not attempt to recover such material;

12.1.3 make every effort to prevent the use or disclosure of Protected Information; and

12.1.4 procure that each of its Seller Affiliates complies with sub-clauses 12.1.1 to 12.1.3.

12.2 Clause 12.1 does not apply to disclosure of Protected Information:

12.2.1 to the extent that it is generally known to the public not as a result of a breach of any duty of confidentiality;

12.2.2 to a director, officer or employee of the Buyer or of a Group Company whose function requires him to have the Protected Information;

12.2.3 to the extent that it is required to be disclosed by Applicable Laws or by a Government Authority or other authority with relevant powers to which the party disclosing the Protected Information is subject or submits, whether or not the requirement has the force of law provided that the disclosure shall so far as is practicable be made after consultation with the Buyer (if the disclosing party is the Seller) or the Seller (if the disclosing party is the Buyer) and after allowing such party the opportunity to contest such disclosure and after taking into account such party's reasonable requirements as to its timing, content and manner of making or despatch; or

12.2.4 to an adviser for the purpose of advising such party in connection with the transactions contemplated by this Agreement and the Transaction Documents, provided that such disclosure is essential for these purposes and is on the basis that clause 12.1 applies to the disclosure by the adviser.

13. ANNOUNCEMENTS

- 13.1 Subject to clause 13.2, the Seller may not, before or after Completion, make, issue or send a public announcement, communication or circular concerning the transactions referred to in this Agreement and any other Transaction Document unless he/she/it has first obtained the Buyer's prior written consent.
- 13.2 Clause 13.1 does not apply to a public announcement, communication or circular, required by Applicable Laws, by a rule of a listing authority by which the Seller's shares or shares of the Seller's holding company are listed, by a stock exchange on which the Seller's shares or shares of the Seller's holding company are listed or traded or by a Government Authority or other authority with relevant powers to which the Seller or the Seller's holding company is subject or submits, whether or not the requirement has the force of law, provided that the public announcement, communication or circular shall only be made after consultation with the Buyer and after taking into account the requirements of the Buyer as to its timing, content and manner of making or despatch.

14. COSTS

- 14.1 Except where this Agreement or the relevant Transaction Document provides otherwise, each party shall pay its own fees, costs, expenses and taxes relating to the negotiation, preparation, execution and performance by it of this Agreement and of each document referred to in it.

15. GENERAL

- 15.1 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each party.
- 15.2 The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.
- 15.3 Except with respect to fraud, the remedies provided in this Agreement shall be the parties' sole and exclusive remedy for any and all breaches of the representations, warranties and/or covenants contained herein or in any certificate delivered pursuant to this Agreement or any claims arising relating to or arising from or in connection with this Agreement, the transactions contemplated by this Agreement or any other certificate delivered pursuant hereto, in all cases, except for claims based on fraud.
- 15.4 Except to the extent that they have been performed and except where this Agreement provides otherwise, the obligations contained in this Agreement remain in force after Completion.

- 15.5 If a party fails to pay a sum due from it under this Agreement on the due date of payment in accordance with the provisions of this Agreement, that party shall pay interest on the overdue sum from the due date of payment until the date on which its obligation to pay the sum is discharged at the rate per annum of five per cent (5%). Interest accrues and is payable from day to day.
- 15.6 All payments made by the Seller under this Agreement shall be made gross, free of right of counterclaim or set-off and without deduction or withholding of any kind other than any deductions or withholding required by Applicable Laws.
- 15.7 If a party makes a deduction or withholding required by Applicable Laws from a payment made pursuant to this Agreement for a breach of the Agreement or any payment by way of indemnity or of a compensatory nature under this Agreement, the sum due from the payer shall be increased to the extent necessary to ensure that, after the making of any deduction or withholding, the recipient receives a sum equal to the sum it would have received had no deduction or withholding been made.
- 15.8 If a payment made pursuant to this Agreement for a breach of the Agreement or any payment by way of indemnity or of a compensatory nature under this Agreement will be or has been subject to Tax in the hands of the payee (or would have been subject to Tax in the hands of the payee but for the availability of Relief), the payer shall pay to the recipient the amount (after taking into account Tax payable in respect of the amount or that would be payable but for the availability of Relief) that will ensure that the recipient receives and retains a net sum equal to the sum it would have received had the payment not been subject to Tax (or not been subject to Tax disregarding the availability of Relief).
- 15.9 Except as provided in clause 16.4, a person who is not a party to this Agreement has no right under the Third Parties Ordinance to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from the Third Parties Ordinance.
- 15.10 Any payment made pursuant to this Agreement for a breach of the Agreement or any payment by way of indemnity or of a compensatory nature under this Agreement will be treated as (to the extent possible) an increase in the Purchase Price (if paid by the Buyer to the Seller) or a decrease in the Purchase Price (if paid by the Seller to the Buyer).
- 15.11 Each of the parties agrees to perform (or procure the performance of) all such acts and things and/or to execute and deliver (or procure the execution and delivery of) all such documents, as may be required by Applicable Laws or as may be necessary or requested by the Buyer for giving full effect to the Transaction Documents to which the Seller is a party and securing to the Buyer the full benefit of the rights, powers and remedies conferred upon the Buyer by those Transaction Documents. Unless otherwise agreed, each party shall be responsible for its own costs and expenses incurred in connection with the provisions of this clause 15.11.

15.12 If, at any time, any provision of this Agreement is or becomes void, illegal, invalid or unenforceable in any respect, whether pursuant to any judgment or otherwise:

15.12.1 that voidness, illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of any other provision of this Agreement; and

15.12.2 the void, illegal, invalid or unenforceable provision shall be deemed never to have been a part of this Agreement.

16. ENTIRE AGREEMENT

In this clause 16, "**Representation**" means an assurance, commitment, condition, covenant, guarantee, indemnity, representation, statement, undertaking or warranty of any sort whatsoever (whether contractual or otherwise, oral or in writing, or made negligently or otherwise).

16.1 The Transaction Documents constitute the entire agreement between the parties. They supersede any previous agreements relating to the subject matter of the Transaction Documents, and set out the complete legal relationship of the parties arising from or connected with that subject matter.

16.2 Accordingly, the Buyer:

16.2.1 represents and agrees that:

(a) the Seller has not or no adviser to the Seller has made any Representation that the Buyer considers material which is not set out in the Transaction Documents; and

(b) it has not entered into the Transaction Documents in reliance on any Representation except those set out in the Transaction Documents,

and will not contend to the contrary; and

16.2.2 for the avoidance of doubt, agrees that:

(a) no adviser to the Seller has any liability to the Buyer for any Representation except set out where third parties have given opinions etc.;

(b) the Seller have no liability of any kind to the Buyer for any Representation except in respect of those set out in the Transaction Documents; and

(c) its only rights and remedies in respect of any Representations are those rights and remedies set out in the Transaction Documents.

16.3 Likewise, the Seller:

16.3.1 represents and agrees that:

(a) no adviser to the Buyer or provider of finance to the Buyer has made any Representation that such Seller considers material which is not set out in the Transaction Documents, and

(b) it has not entered into the Transaction Documents in reliance on any Representation except those set out in the Transaction Documents,

and will not contend to the contrary; and

16.3.2 for the avoidance of doubt, agrees that:

(a) no adviser to the Buyer or provider of finance to the Buyer has any liability to the Seller for any Representation except set out where third parties have given opinions etc.;

(b) the Buyer has no liability of any kind to the Seller for any Representation except in respect of those set out in the Transaction Documents; and

(c) its only rights and remedies in respect of any Representations are those rights and remedies set out in the Transaction Documents.

16.4 Each Affiliate of the Buyer or the Seller, the advisers to the Buyer, the advisers to the Seller and providers of finance to the Buyer may enforce the terms of this clause 16 subject to and in accordance with the provisions of the Third Parties Ordinance.

16.5 Nothing in this clause 16 shall have the effect of limiting any liability arising from fraud.

17. ASSIGNMENT, AMENDMENT AND MODIFICATION

17.1 This Agreement is personal to each of the Buyer and the Seller. Accordingly, neither the Buyer nor the Seller shall assign, transfer, declare a trust of the benefit of or in any other way alienate any of its rights under this Agreement whether in whole or in part.

17.2 This Agreement may not be amended, restated or otherwise modified except by a written instrument specifically referring to this Agreement that is executed by the Company, the Buyer and the Seller.

18. NOTICES

18.1 A notice or other communication under or in connection with this Agreement (a “**Notice**”) shall be:

18.1.1 in writing;

18.1.2 in English; and

18.1.3 delivered personally or sent by courier by an internationally recognised courier company (e.g. FedEx, DHL) or by email, to the party due to receive the Notice at its address set out in clause 18.3 or to such other address, person or email address as the party may specify by not less than seven days’ written notice to the other party received before the Notice was despatched.

18.2 In the absence of evidence of earlier receipt, a Notice shall be deemed to have been duly given if:

18.2.1 delivered personally, when left at the address referred to in sub-clause 18.1.3;

18.2.2 sent by courier, two (2) Business Days after posting it; and

18.2.3 sent by email, when the email is sent.

18.3 The address referred to in sub-clause 18.1.3 is:

<u>Name of party</u>	<u>Address</u>	<u>Email address</u>	<u>Marked for the attention of</u>
The Seller	中华人民共和国北京市昌平区生命園路 4 號院 5 號樓 (5 th Level, No. 4, Sheng Ming Yuan Road, Changping District, Beijing, the People's Republic of China)	[****]	Dr. Zhou Daixing and Ai Wenlu
The Company	3F., No. 345, Xinhua 2 nd Road, Neihu Dist. Taipei 114, Taiwan	[****]	Dr. Hua Chien Chen
The Buyer	7/F, K11 Atelier, 728 King's Road, Quarry Bay, Hong Kong	[****]	Danny Yeung and Stephen Lo

19. GOVERNING LAW

19.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Hong Kong.

20. DISPUTE RESOLUTION

20.1 Any dispute, controversy or claim arising in any way out of or in connection with this Agreement (including: (1) any issue regarding contractual, pre-contractual or non-contractual rights, obligations or liabilities; and (2) any issue as to the existence, validity, breach or termination of this Agreement) (a "**Dispute**") shall be referred to and finally resolved by binding arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with such Rules (the "**Rules**"). The Rules are deemed to be incorporated by reference into this clause and as may be amended by the rest of this clause.

20.2 The arbitration shall be conducted as follows:

- 20.2.1 The arbitration tribunal (“**Tribunal**”) shall consist of three (3) arbitrators. The claimant(s) and the respondent(s) shall each nominate one (1) arbitrator, and the two (2) arbitrators thus appointed shall nominate the third arbitrator who shall be the presiding arbitrator; if the claimant(s) or the respondent(s) fails to appoint the arbitrator within fourteen (14) days of a request to do so from the other party(ies), or if the two (2) arbitrators fail to nominate the third arbitrator within fourteen (14) days after the appointment of the second arbitrator, the appointment shall be made, upon request of a party, by the HKIAC in accordance with the Rules.
- 20.2.2 The seat of the arbitration shall be Hong Kong. This clause 20 shall be governed by the laws of Hong Kong.
- 20.2.3 The language of the arbitration proceedings shall be English.
- 20.2.4 Any award of the Tribunal shall be made in writing and shall be final and binding on the parties from the day it is made. The parties undertake to carry out any award without delay.
- 20.2.5 The parties waive any right to apply to any court of law and/or other judicial authority to determine any preliminary point of law and/or review any question of law and/or the merits, insofar as such waiver may validly be made. The parties shall not be deemed, however, to have waived any right to challenge any award on the ground that the Tribunal lacked substantive jurisdiction and/or on the ground of serious irregularity affecting the Tribunal, the proceedings or the award to the extent allowed by the law of the seat of arbitration. Nothing in this clause 20 shall be construed as preventing any party from seeking conservatory or interim relief from any court of competent jurisdiction.

21. GOVERNING LANGUAGE

- 21.1 This Agreement is drawn up in the English language. If this Agreement is translated into another language, the English language text prevails.
- 21.2 Each Notice, demand, request, statement, instrument, certificate, document, information or other communication given, delivered, supplied or made by a party to any other party under or in connection with this Agreement shall be:
 - 21.2.1 in English; or
 - 21.2.2 if not in English, accompanied by an English translation made by a translator, and certified by such translator to be accurate.
- 21.3 The receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to clause 21.2.2.

22. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original and all of which together evidence the same agreement.

**SCHEDULE 1
INFORMATION ABOUT THE COMPANY**

Name of company and registered number	ACT Genomics Holdings Company Limited (No. MC-336039)
Place of incorporation	Cayman Islands
Company Type	Exempted Company with Limited Liability
Date of incorporation	20 April 2018
Directors	<ol style="list-style-type: none">1. Tony Shu Kam Mok2. Hua Chien Chen3. Yiu Keung Chan4. Maria LL Chiang5. CDIB Capital Healthcare Ventures Limited6. I-Chang Chow7. CLSACP Holdings Ltd.8. Hotung Venture Capital Corporation9. Shu Jen Chen10. Louie, Siu Keung Chris
Company secretary	N/A
Registered Office	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Accounting Reference Date	31 December

SCHEDULE 2
COMPLETION REQUIREMENTS

1. Seller's obligations

- 1.1 At Completion, the Seller shall deliver or procure to be delivered to the Buyer (unless otherwise indicated below, copies of each item):
- 1.1.1 duly executed instrument(s) of transfer in respect of the Sale Shares in favour of the Buyer or its nominee(s);
 - 1.1.2 a copy of the shareholders' resolutions or minutes of a meeting of the shareholders of the Seller signed by the chairman of the meeting duly held at which the shareholders of the Seller approved the entry by the Seller into this Agreement and the transactions contemplated herein; and
 - 1.1.3 as evidence of the authority of each person executing a document referred to in this Schedule 2 on the Seller's behalf:
 - (a) a copy of the minutes of a duly held meeting of the directors of the Seller (or a duly constituted committee thereof) authorising the execution by the Seller of the document and, where such execution is authorised by a committee of the board of directors of the Seller, a copy of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof; or
 - (b) a copy of the power of attorney conferring the authority.

2. Company's obligations

- 2.1 At Completion, the Company shall deliver or procure to be delivered to the Buyer (unless otherwise indicated below, copies of each item):
- 2.1.1 evidence in a form satisfactory to the Buyer (by way of a certificate signed by the chief executive officer of the Company) of satisfaction of the Conditions;
 - 2.1.2 copies of any waiver, consent, release or other document necessary to give the Buyer or its nominee(s) full legal and beneficial ownership of the Sale Shares (or appropriate negative written confirmation);
 - 2.1.3 a certified true copy of the updated register of members of the Company, reflecting the Buyer as a shareholder of the Sale Shares;
 - 2.1.4 new share certificate(s) for the Sale Shares in the name of the Buyer; and

3. **Buyer's obligations**

3.1 At Completion, the Buyer shall:

3.1.1 pay or cause to be paid to the Seller the Purchase Price and Cash Incentive Payment as follows:

- (a) in respect of the Consideration Shares, allot and issue such number of Consideration Shares to the Seller, credited as fully paid free from any Encumbrance, and shall provide a copy of the extract of its register of members on the Completion Date showing the registration of the Seller as the registered owner of such Consideration Shares, and
- (b) in respect of the Cash Incentive Payment, irrevocably instruct its bank to pay to the Seller the Cash Incentive Payment by transfer of funds for same day value to its Designated Bank Account and deliver to the Seller a copy of such irrevocable payment instructions; and

3.1.2 as evidence of the authority of each person executing a document referred to in this Schedule 2 on the Buyer's behalf:

- (a) a copy of the minutes of a duly held meeting of the directors or written board resolutions of the Buyer (or a duly constituted committee thereof) authorising the execution by the Buyer of the document and, where such execution is authorised by a committee of the board of directors of the Buyer, a copy of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof or written resolutions of such committee; or
- (b) a copy of the power of attorney conferring the authority.

**SCHEDULE 3
FUNDAMENTAL WARRANTIES**

1. Title and Capacity

1.1 Authority and Capacity

- 1.1.1 The Seller is validly existing and is a company duly incorporated under the law of its jurisdiction of incorporation.
- 1.1.2 The Seller has the legal right and full power and authority and has taken all action necessary to enter into and perform this Agreement and the other Transaction Documents to be executed by it.
- 1.1.3 The Transaction Documents to which the Seller is a party will, when executed, constitute valid and binding obligations on the Seller in accordance with their respective terms.
- 1.1.4 The execution, delivery and performance by the Seller of this Agreement and the other Transaction Documents (to the extent that the Seller is a party to such Transaction Document) do not and will not result in a breach of (a) any provision of its constitutional documents (to the extent it is a company), (b) any Applicable Laws or regulations or any order, judgment or decree of any court, arbitral tribunal or Government Authority, and/or (c) any agreement or arrangement to which it is party or by which its assets are bound.

1.2 Sale Shares

- 1.2.1 The Seller:
 - (a) is the legal and beneficial owner of the Sale Shares as at the date of this Agreement and as at the Completion Date; and
 - (b) has the right to exercise all voting and other rights over the Sale Shares as at the date of this Agreement and as at the Completion Date.
- 1.2.2 The Sale Shares have been properly and validly issued and are each fully paid.
- 1.2.3 There are no Encumbrances, and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to the Sale Shares. No person has claimed to be entitled to an Encumbrance in relation to any of the Sale Shares.
- 1.2.4 No third party and regulatory consents or notifications, including the approval of or notification to any Government Authority, Tax Authority, court, arbitral tribunal, regulatory body or administrative body, are or will be required or desirable for the transfer of the Sale Shares or any interest in or part thereof to the Buyer.

1.3 Seller's Status and Investment Intent

- 1.3.1 The Seller has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in Prenetics Shares. The Seller is capable of bearing the economic risks of such investment, including a complete loss of its investment.
- 1.3.2 The Seller is acquiring the relevant Prenetics Shares that it is purchasing pursuant to this Agreement for investment for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof in a manner that would violate the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**").
- 1.3.3 The Seller acknowledges that the Prenetics Shares are "restricted securities" that have not been registered under the Securities Act or any applicable state securities law. The Seller further acknowledges that, absent an effective registration under the Securities Act, the Prenetics Shares may only be offered, sold or otherwise transferred to (i) the Buyer, (ii) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act or (iii) pursuant to an exemption from registration under the Securities Act.
- 1.3.4 The Seller acknowledges that he or she is not a "U.S. Person" as defined in Rule 902 of Regulation S.
- 1.3.5 The Seller is acquiring the Prenetics Shares in an offshore transaction executed in reliance upon the exemption from registration provided by Regulation S under the Securities Act.
- 1.3.6 The Seller is not or was not in the past five (5) years a Government Official.

1.4 No Registration

Assuming the accuracy of the representations and warranties set forth in this Agreement, it is not necessary in connection with the issuance and sale of the Sale Shares to register the Sale Shares under the Securities Act or to qualify or register the Sale Shares under applicable U.S. state securities laws. No directed selling efforts (as defined in Rule 902 of Regulation S under the Securities Act) have been made by any of the Seller, any of their respective affiliates or any person acting on its behalf with respect to any Sale Shares; and none of such persons has taken any actions that would result in the sale of the Sale Shares to the Buyer under this Agreement requiring registration under the Securities Act; and the Company is a "foreign issuer" (as defined in Regulation S).

SCHEDULE 4
BUYER WARRANTIES

1. Title and Capacity

- 1.1 The Buyer is validly existing and in good standing and is a company with limited liability duly incorporated under the laws of the Cayman Islands and has been in continuous existence since incorporation.
- 1.2 The Buyer is operating and has always operated its business in accordance with its memorandum and articles of association or other constitutional documents at the relevant time in all material respects.
- 1.3 Neither the execution nor the performance of this Agreement or any document to be executed at or before Completion will result in the Buyer losing the benefit of an asset, grant, subsidy, right or privilege which it enjoys as at the date of this Agreement.
- 1.4 The Buyer has the legal right and full power and authority and has taken all action necessary to enter into and perform this Agreement and the other Transaction Documents to be executed by it.
- 1.5 The Transaction Documents to which the Buyer is a party will, when executed, constitute valid and binding obligations on the Buyer in accordance with their respective terms.
- 1.6 The execution, delivery and performance by the Buyer of this Agreement and the other Transaction Documents (to the extent that the Buyer is a party to such Transaction Documents) do not and will not result in a breach of, constitute a default under, require any consent under, or given any person rights of termination, amendment, acceleration or cancellation under (a) any provision of its constitutional documents, (b) any Applicable Law or regulations or any order, judgment or decree of any court, arbitral tribunal or Government Authority, and/or (c) any agreement or arrangement to which it is party or by which its assets are bound, except (x) any filings as may be required under the rules and regulations of Nasdaq; or (y) applicable requirements, if any, of the Securities Act, the Exchange Act and Blue Sky Laws.

2. Capitalisation

- 2.1 All Consideration Shares to be issued or reserved for issuance in connection with the transactions contemplated by this Agreement, when issued in accordance with the terms of this Agreement, will be, validly issued, fully paid and non-assessable and are issued free of any pre-emptive rights.
- 2.2 Upon Completion, the Seller will be the sole legal owner of the number of Consideration Shares, with all rights attaching to them including the voting rights, the right to participate in any dividends, distributed reserves or distributed premium as from their issue date set out in the memorandum and articles of the Buyer that are annexed to this Agreement.
- 2.3 As at the date of this Agreement, the authorised share capital of the Buyer is US\$50,000 divided into 500,000,000 shares of US\$0.0001 par value each, of which (i) 400,000,000 shall be designated as Class A Ordinary Shares, (ii) 50,000,000 shall be designated as convertible Class B Ordinary Shares and (iii) 50,000,000 shall be designated as shares of such class or classes as the board of directors of the Buyer may determine.

2.4 Information relating to the share capital of the Buyer as at the date of this Agreement has been publicly disclosed in accordance with SEC rules. Except as publicly disclosed by the Buyer in accordance with SEC rules and requirements, there are no outstanding shares of capital stock or other equity interests of the Buyer, including any options, warrants, calls, or other rights, agreements, arrangements or commitments of any character to which the Buyer is a party to by which the Buyer is bound relating to the issued or unissued capital stock or other equity interests of the Buyer, or securities convertible into or exchangeable for such capital stock or other equity interests, or obligating the Buyer to issue or sell any shares of its capital stock or other equity interests, or securities convertible into or exchangeable for such capital stock of, or other equity interests in, the Buyer.

3. SEC Documents

3.1 The Buyer has filed or furnished all forms, reports and other documents required to be filed or furnished by the Buyer with the SEC under the Securities Act or the Exchange Act (all such documents filed or furnished by the Buyer, the “**Buyer SEC Documents**”) since 18 May 2022. None of the subsidiaries of the Buyer is required to make any filings with the SEC pursuant to the Exchange Act.

3.2 As of its respective filing date (or, if amended or superseded prior to the date of this Agreement, on the date of such filing), each Buyer SEC Document complied in all material respects with any applicable requirements of the SOX, the Exchange Act, and the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder as they may apply to such Buyer SEC Document, and did not, at the time it was filed or furnished (or, if amended or superseded prior to the date of this Agreement, on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.3 Each of the consolidated financial statements of the Buyer included in the Buyer SEC Documents (including, in each case, any notes thereto) was prepared in accordance with the IFRS applied on a consistent basis throughout the periods indicated (except as may be indicated in notes thereto or, in the case of unaudited statements, as permitted by the rules and regulations of the SEC) and each fairly presented, in all material respects, the consolidated financial position, the results of operations, cash flows and changes in shareholders’ equity of the Buyer and its subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited interim statements, to normal year-end audit adjustments). Except as has been described in the Buyer SEC Documents, there are no unconsolidated subsidiaries of the Buyer or any off-balance sheet arrangements of the type required to be disclosed pursuant to Item 303 of Regulation S-K promulgated by the SEC.

3.4 Except as and to the extent set forth in the audited consolidated balance sheet of the Buyer and its consolidated subsidiaries as at 31 December 2021, including the notes thereto, neither the Buyer nor any subsidiary of the Buyer has any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) required to be disclosed by IFRS, except for liabilities or obligations (i) incurred since 31 December 2021, in the ordinary course of business, (ii) in the form of executory obligations under any contract to which the Buyer is a party or is bound and that are not in the nature of material breaches of such contracts, (iii) incurred in connection with fees and expenses of legal counsel, accountants and other third party advisors or services providers, (iv) incurred in connection with the preparation and negotiation of this Agreement or pursuant to this Agreement or in connection with the transactions contemplated by this Agreement, or (v) that would not reasonably be expected to have, individually or in the aggregate, a Buyer Material Adverse Effect.

- 3.5 Each of the principal executive officer of the Buyer and the principal financial officer of the Buyer (and each former principal executive officer of the Buyer and each former principal financial officer of the Buyer, as applicable) has made all certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and 18 U.S.C. Section 1350 (Section 906 of the SOX) and the rules and regulations promulgated thereunder with respect to Buyer SEC Documents filed or furnished with the SEC, and prior to the date of this Agreement, neither the Buyer nor any of its executive officers has received written notice from any Government Authority challenging or questioning the accuracy, completeness, form or manner of filing such certifications. For the purposes of this paragraph 3.5, “principal executive officer” and “principal financial officer” have the meanings given to such terms in the SOX. Neither the Buyer nor any of the subsidiaries of the Buyer has outstanding, or has arranged any outstanding “extensions of credit” to directors or executive officers within the meaning of Section 402 of the SOX.
- 3.6 The Buyer has implemented, and at all time since 18 May 2022, has maintained a system of financial controls over financial reporting designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes, including to provide reasonable assurance: (i) that transactions are executed in accordance with management’s general or special authorisations; (ii) that transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS; (iii) regarding prevention or timely detection of unauthorised acquisition, use or disposition of the assets of the Buyer and its subsidiaries, as applicable, that could have a material effect on the Buyer’s financial statements; (iv) that the maintenance of records in reasonable detail accurately and fairly reflects the transactions and dispositions of the assets of the Buyer on a consolidated basis; and (v) that the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- 3.7 The Buyer has (i) implemented and maintained “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that material information that is required to be disclosed by the Buyer in the reports that it files or submits under the Exchange Act, is recorded, processed, summarised and reported within the time periods specified in the rules and forms of the SEC and is accumulated and made known to its principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure and (ii) disclosed, based on its most recent evaluation prior to the date of this Agreement to the Buyer’s outside auditors and the audit committee of the Buyer’s board of directors, (A) any significant deficiencies and material weaknesses in the design or operation of “internal control over financial reporting” (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that would be reasonably likely to adversely affect in any material way the Buyer’s ability to record, process, summarise and report financial information and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Buyer’s “internal control over financial reporting”. Any material change in internal control over financial reporting required to be disclosed in any Buyer SEC Document on or prior to the date of this Agreement has been so disclosed.

3.8 As at the date of this Agreement, (i) there are no outstanding unresolved comments with respect to the Buyer or the Buyer SEC Documents filed or furnished with the SEC noted in comment letters or, to the knowledge of the Buyer, other correspondence received by the Buyer or its attorneys from the SEC and (ii) there is no pending or threatened (A) formal or informal investigation or other review of, or proceeding against, the Buyer or any of its directors or officers by the SEC or (B) inspection of an audit of the Buyer's financial statements by the Public Company Accounting Oversight Board.

4. **Compliance with Law**

4.1 To the Buyer's knowledge, since 18 May 2022, there has not been any investigation, enquiry or disciplinary proceeding instigated by any Government Authority (including the TIC, Taiwan Ministry of Health and Welfare, and Taiwan Food and Drug Administration) concerning any member of the Buyer Group which would have a Buyer Material Adverse Effect.

4.2 There is no outstanding judgment, order, decree, arbitral award or decision of a court, tribunal, arbitrator or Government Authority against any member of the Buyer Group which would have a Buyer Material Adverse Effect.

5. **Sufficient Funds**

The Buyer's cash on hand and other financial resources available to the Buyer, will, in the aggregate, be sufficient for the Buyer to pay the Cash Incentive Payment payable pursuant to this Agreement.

6. **Solvency**

After giving effect to the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, the Buyer will not be insolvent under the laws of the Cayman Islands or unable to pay its debts as they fall due.

7. **Non-Mainland Chinese Investor**

As a result of the Buyer's inspection to the extent possible, and to the best of its knowledge and belief, the Buyer is not a Mainland Chinese Investor, nor is the Buyer Controlled by a Mainland Chinese Investor.

SCHEDULE 5
LIMITATIONS ON LIABILITY

1. NOTIFICATION OF CLAIMS

- 1.1 If the Buyer becomes aware of a Relevant Claim, the Buyer must give Notice (stating in reasonable detail the nature of the Relevant Claim and, if practicable, an estimate of the amount claimed) to the Company or the Seller (each, an “**Indemnifying Party**”, and collectively, “**Indemnifying Parties**”) as soon as practicable after becoming aware of the Relevant Claim and in any event within thirty (30) Business Days of becoming aware of the Relevant Claim.
- 1.2 Any failure or delay by the Buyer in giving Notice under paragraph 1.1 does not affect the relevant Indemnifying Party’s liability in respect of such Relevant Claim, provided that, in respect of any Fundamental Warranty Claim, the Buyer serves a Notice in respect of the Fundamental Warranty Claim in due course within the applicable time period set out in paragraph 3.1.
- 1.3 Where a Notice is given under paragraph 1.1, without prejudice to the validity of the Relevant Claim or alleged Relevant Claim in question, the Buyer shall allow, and shall procure that the Company allows, the relevant Indemnifying Party to investigate the matter or circumstance alleged to give rise to such Relevant Claim. For such purpose and at such Indemnifying Party’s cost, the Buyer shall provide, and shall procure that the relevant Group Company provides, all reasonable information to such Indemnifying Party, including reasonable access to premises and personnel at reasonable office hours, and the right to examine and copy any accounts, documents and records of the Company, all to the extent reasonably requested by the Indemnifying Party’s representative and necessary for the latter to assess the matter of the Relevant Claim in question and subject to appropriate arrangements being made to maintain commercial confidentiality and privilege.

2. TIME LIMITS FOR BRINGING CLAIMS

- 2.1 The Seller is not liable for (i) a Fundamental Warranty Claim; or (ii) a Relevant Claim unless the Buyer has given the Seller Notice of such claim on or before the date that is three (3) years from the Completion Date.
- 2.2 No Indemnifying Party shall rely on the Limitation Ordinance (Cap. 347, Laws of Hong Kong), laches or any other time-based defence in respect of any Fundamental Warranty Claim.

3. WITHDRAWAL OF CLAIMS

- 3.1 Any Relevant Claim notified pursuant to paragraph 1.1 shall (if it has not been previously satisfied, settled or withdrawn) be deemed to be irrevocably withdrawn and shall become fully barred and unenforceable six (6) months after the Notice is given pursuant to paragraph 1.1, unless at the relevant time legal proceedings in respect of the Relevant Claim have been commenced by being both properly issued and validly served on the relevant Indemnifying Party(ies).

3.2 Notwithstanding paragraph 3.1, in the case of a Relevant Claim in respect of a contingent liability, provided that the contingent or unquantifiable liability is notified to the relevant Indemnifying Party(ies) within the relevant time period specified in paragraph 2 above the six (6)-month period referred to in paragraph 3.1 shall commence on the date the relevant contingent liability becomes an actual liability and is due and payable. The fact that the liability in respect of a Relevant Claim notified in accordance with paragraph 1.1 on or before the relevant date set out in paragraph 2.1 has not become an actual liability by such relevant date shall not exonerate such relevant Indemnifying Party in respect of the Relevant Claim.

4. **SPECIFIC LIMITATIONS**

4.1 No Indemnifying Party shall be liable for any Relevant Claim, to the extent that the loss arising from the Relevant Claim would not have arisen but for:

4.1.1 the passing of, or any change in, after the date of this Agreement, any Applicable Law not actually or prospectively in effect as at the date of this Agreement; or

4.1.2 any voluntary action taken by the Buyer after the date of this Agreement (including such actions expressly directed by the Buyer), other than any such action taken to comply with Applicable Law.

4.2 No Indemnifying Party shall be liable in respect of any Relevant Claim to the extent such loss result from indirect or consequential losses (including loss of profits).

5. **NO DOUBLE RECOVERY**

The Buyer may not recover from the Company or the Seller under this Agreement more than once in respect of the same loss suffered.

6. **CONDUCT OF WARRANTY CLAIMS**

6.1 If the Buyer becomes aware of any claim, action or demand being made by a third party against the Buyer or any Group Company which is likely to give rise to a Fundamental Warranty Claim (the "**Third Party Claim**"):

6.1.1 the Buyer shall, within thirty (30) days of becoming aware of such Third Party Claim, give Notice to the Company of the Third Party Claim and shall consult with the Company with respect to the Third Party Claim. The failure of the Buyer to give such Notice within the thirty (30) day period shall not prejudice the Buyer's ability to bring such Third Party Claim; and

6.1.2 the Buyer shall provide to the Company reasonable access to records within the control of the Buyer, during normal working hours and on reasonable advance Notice, for the purposes of investigating the Third Party Claim.

6.2 In the case of a Third Party Claim:

- 6.2.1 no admission of liability shall be made by or on behalf of the Buyer and the Third Party Claim shall not be compromised, disposed of or settled without the prior written consent of the Company, such consent not to be unreasonably withheld, delayed or conditioned; and
- 6.2.2 the Buyer shall keep the Company reasonably informed of the progress of any such Third Party Claim and its defence, and shall provide the Seller with copies of all material notices, written communications and filings (including court papers) made by or on behalf of any of the parties to the underlying claim.

7. **MITIGATION**

Nothing in this Schedule 5 restricts or limits the Buyer's common law duty to mitigate any loss suffered by it as a result of a breach of a Relevant Claim (other than a Relevant Claim under any indemnity given in favour of the Buyer under this Agreement).

8. **GENERAL**

Nothing in this Schedule 5 shall have the effect of limiting or restricting any liability of the Seller or the Company in respect of a Fundamental Warranty Claim arising as a result of any fraud or wilful misconduct.

SCHEDULE 6
ACT MAJORITY SPA

EXECUTED by the parties on the date first written above:

Signed by)
)
)
for and on behalf of)
PRENETICS GLOBAL LIMITED) /s/ Yeung Danny Sheng Wu
 Signature

Project Ace – Signature Page to Share Purchase Agreement (Berry)

Signed by)
HONGKONG BERRY GENOMICS CO., LIMITED)

/s/ Gao Yang Signature of director
Gao Yang (高揚) Name of director

/s/ Hou Ying Signature of director/secretary
Hou Ying (侯穎) Name of director/secretary

Project Ace – Signature Page to Share Purchase Agreement (Berry)

Signed by

)
)
)
)
)
)
)

for and on behalf of
**ACT GENOMICS HOLDINGS
COMPANY LIMITED**

/s/ Hua Chien Chen _____
Signature

Project Ace – Signature Page to Share Purchase Agreement (Berry)

Subsidiaries of Prenetics Global Limited

The following list sets forth the subsidiaries of Prenetics Global Limited:

<u>Subsidiaries</u>	<u>Jurisdiction of Incorporation</u>
Prenetics International Limited	British Virgin Islands
Prenetics Asia Limited	British Virgin Islands
Prenetics Limited	Hong Kong
Prenetics Limited Taiwan Branch	Taiwan
Prenetics ColoClear Limited	Hong Kong
Oxsed Hong Kong Limited	Hong Kong
Qianhai Prenetics Technology (Shenzhen) Co., Ltd. 前海皮樂迪科技(深圳) 有限公司	PRC
Zhuhai Prenetics Technology Co., Ltd. 珠海皮樂迪科技有限公司	PRC
Shanghai Prenetics Technology Co., Ltd. 上海歡因科技有限公司	PRC
Prenetics Pte. Ltd.	Singapore
Prenetics EMEA Limited (formerly known as “DNAFit Life Sciences Limited”)	England & Wales
DNA Fit Limited	England & Wales
DNA Sport Limited	England & Wales
Norse Medica Limited	England & Wales
Duo Doc Limited	England & Wales
SP Care Holdings Limited	England & Wales
Oxsed Limited	England & Wales
DNAFIT Life Sciences Limited	England & Wales
Prenetics Innovation Labs Private Limited	India
Prenetics Africa (Pty) Limited	South Africa
Prenetics Consumer Healthcare Limited	England & Wales
AAC Merger Limited	Cayman Islands
Prenetics Holding Company Limited	Cayman Islands
ACT Genomics Holdings Company Limited	Cayman Islands
ACT Genomics Co., Limited	Taiwan
ACT Medical Instrument Co., Limited	Taiwan
ACT Genomics (HK) Limited	Hong Kong

ACT Genomics HK Lab Limited	Hong Kong
ACT Genomics IP Limited	Hong Kong
ACT Genomics (Singapore) Pte. Limited	Singapore
ACT Biotechnology Shanghai Ltd	PRC
ACT Biotechnology (Suzhou) Co. Ltd	PRC
AI Genomics (Suzhou) Co. Ltd.	PRC
ACT Genomics (Japan) Co., Limited	Japan
Sanomics Holdings Limited	British Virgin Islands
Sanomics Limited	Hong Kong
Sanomics (Thailand) Limited	Thailand
MC Diagnostic Limited	England & Wales
AM Robotics 2018 Limited	England & Wales

Certification by the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Yeung Danny Sheng Wu, certify that:

1. I have reviewed this annual report on Form 20-F of Prenetics Global Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [reserved]

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 1, 2023

/s/ Danny Sheng Wu Yeung

Name: Danny Sheng Wu Yeung

Title: Chief Executive Officer

Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Lo Hoi Chun (Stephen), certify that:

1. I have reviewed this annual report on Form 20-F of Prenetics Global Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [reserved]

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 1, 2023

/s/ Lo Hoi Chun (Stephen)

Name: Lo Hoi Chun (Stephen)

Title: Chief Financial Officer

Certification by the Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Prenetics Global Limited (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Danny Sheng Wu Yeung, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2023

/s/ Danny Sheng Wu Yeung

Name: Danny Sheng Wu Yeung

Title: Chief Executive Officer

Certification by the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Prenetics Global Limited (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lo Hoi Chun (Stephen), Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2023

/s/ Lo Hoi Chun (Stephen)

Name: Lo Hoi Chun (Stephen)

Title: Chief Financial Officer



Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-267956) on Form S-8 of our report dated May 1, 2023, with respect to the consolidated financial statements of Prenetics Global Limited.

/s/ KPMG

Hong Kong

May 1, 2023



Consent of Independent Auditors

We consent to the incorporation by reference in the registration statement (No. 333-267956) on Form S-8 of Prenetics Global Limited of our report dated May 1, 2023, with respect to the consolidated financial statements of ACT Genomics Holdings Company Limited, which report appears in the Form 20-F of Prenetics Global Limited dated May 1, 2023.

/s/ KPMG

Hong Kong

May 1, 2023