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

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**POST-EFFECTIVE AMENDMENT NO. 4  
TO  
FORM F-1  
REGISTRATION STATEMENT**  
*Under  
The Securities Act of 1933*

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**Prenetics Global Limited**

(Exact name of Registrant as specified in its charter)

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Not Applicable  
(Translation of Registrant's name into English)

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Cayman Islands  
(State or Other Jurisdiction of  
Incorporation or Organization)

3826  
(Primary Standard Industrial  
Classification Code Number)

Not Applicable  
(I.R.S. Employer  
Identification Number)

Unit 701-706, K11 Atelier King's Road 728 King's Road, Quarry Bay  
Hong Kong  
+852 2210-9588  
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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Cogency Global Inc.  
122 East 42nd Street, 18th Floor New York, N.Y. 10168  
+1 (800) 221-0102  
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 (as amended, the "Securities Act"), check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

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<sup>†</sup> provided pursuant to Section 7(a)(2)(B) of the Securities Act.

<sup>†</sup> 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.

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**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, as amended, or until the registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, or "SEC," acting pursuant to said Section 8(a), may determine.**

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## EXPLANATORY NOTE

On June 28, 2022, Prenetics Global Limited (the “Registrant”) filed Amendment No. 3 to a Registration Statement on Form F-1 (File No. 333-265284) (as amended, the “Registration Statement”), which was subsequently declared effective by the U.S. Securities and Exchange Commission (the “SEC”) on June 30, 2022. On December 14, 2022, the Registrant filed post-effective amendment No. 1 to the Registration Statement to include its unaudited condensed consolidated financial statements as of June 30, 2022 and for the six months ended June 30, 2022 and to update certain other information contained in the Registration Statement, and the post-effective amendment No. 1 was subsequently declared effective by the SEC on December 14, 2022. On May 1, 2023, the Registrant filed post-effective amendment No. 2 to the Registration Statement to include its condensed consolidated financial statements as of December 31, 2022 and for the year ended December 31, 2022 and to update certain other information contained in the Registration Statement. On May 31, 2023, the Registrant filed post-effective amendment No. 3 to the Registration Statement to include certain amendments. The Registrant is filing this post-effective amendment No. 4 to the Registration Statement to make certain amendments.

No additional securities are being registered by this post-effective amendment. All applicable registration fees were paid at the time of the original filing of the Registration Statement on Form F-1.

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**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the U.S. Securities and Exchange Commission, or “SEC,” is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED July 6, 2023**

**PRELIMINARY PROSPECTUS**

# **Prenetics Global Limited**

## **60,156,798 CLASS A ORDINARY SHARES, 6,041,007 WARRANTS TO PURCHASE CLASS A ORDINARY SHARES AND 7,792,898 CLASS A ORDINARY SHARES UNDERLYING WARRANTS**

This prospectus relates to the offer and resale from time to time by the selling securityholders or their pledgees, donees, transferees, assignees or other successors-in-interest that receive any of the securities being registered hereunder as a gift, distribution, or other non-sale related transfer (collectively, the “Selling Securityholders”) of up to (A) 60,156,798 Class A Ordinary Shares, which includes (i) 6,913,200 Class A Ordinary Shares issued in the PIPE Investment at an effective price of \$7.75 per share, pursuant to the Amended PIPE Subscription Agreements, (ii) 7,740,000 Class A Ordinary Shares issued to the Forward Purchase Investors at an effective price of \$7.75 per share (assuming no value is assigned to the Artisan Private Warrants issued to the Forward Purchase Investors referred to in clause (B)), pursuant to the Amended Forward Purchase Agreements and the Deeds of Amendment to Deed of Novation and Amendment, (iii) 6,933,558 Class A Ordinary Shares issued to the Sponsor pursuant to the Initial Merger, which shares were exchanged from the Artisan Public Shares which were issued upon conversion of the Founder Shares originally issued as set forth in the immediately following paragraph, (iv) 100,000 Class A Ordinary Shares issued to certain Artisan Directors pursuant to the Initial Merger, which shares were exchanged from the Artisan Public Shares which were issued upon conversion of the Founder Shares originally issued as set forth in the immediately following paragraph, (v) 9,713,864 Class A Ordinary Shares issuable upon the conversion of 9,713,864 Class B Ordinary Shares issued to Da Yeung Limited pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares and Series A preferred shares of Prenetics originally issued by Prenetics at a weighted average effective price of \$0.04 per share, as adjusted for the Exchange Ratio, (vi) 1,881,844 Class A Ordinary Shares issued to Avrom Boris Lasarow pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at an effective price of \$1.60 per share, as adjusted for the Exchange Ratio, (vii) 3,840,716 Class A Ordinary Shares issued to For Excelsiors Limited pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at a weighted average effective price of \$0.03 per share, as adjusted for the Exchange Ratio, (viii) 12,660,138 Class A Ordinary Shares issued to Prudential Hong Kong Limited pursuant to the Acquisition Merger, which shares were exchanged from Series C preferred shares of Prenetics originally issued by Prenetics at an effective price of \$1.60 per share, as adjusted for the Exchange Ratio, (ix) 9,206,785 Class A Ordinary Shares issued to Genetel Bioventures Limited pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at a weighted average effective price of \$0.07 per share, as adjusted for the Exchange Ratio, (x) 789,282 Class A Ordinary Shares issued to Cui Zhanfeng pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at an effective price of \$2.25 per share, as adjusted for the Exchange Ratio, and (xi) 377,411 Class A Ordinary Shares issued to Lucky Rider Investments Limited pursuant to the Acquisition Merger, which shares were exchanged from Series D preferred shares of Prenetics originally issued by Prenetics at an effective price of \$2.25 per share, as adjusted for the Exchange Ratio; (B) 6,041,007 Warrants (“Private Warrants”) issued to the Sponsor and the Forward Purchase Investors pursuant to the Initial Merger, which were exchanged from Artisan Private Warrants originally issued to the Sponsor at a purchase price of \$1.50 and to the Forward Purchase Investors (together with the issuance of Class A Ordinary Shares) pursuant to the Amended Forward Purchase Agreements and the Deeds of Amendment to Deed of Novation and Amendment; and (C) up to 7,792,898 Class A Ordinary Shares issuable upon exercises of the Private Warrants.

Prior to the consummation of Artisan’s IPO, the Sponsor purchased 8,625,000 Founder Shares for an aggregate purchase price of \$25,000, or approximately \$0.003 per share. Artisan subsequently effected a share recapitalization and issued an additional 1,500,000 Founder Shares to the Sponsor for no consideration. The Sponsor subsequently transferred an aggregate of 100,000 Founder Shares to certain Artisan Directors for no consideration and an aggregate of 750,000 Founder Shares to the Forward Purchase Investors pursuant to the Forward Purchase Agreements, and forfeited 141,442 Founder Shares as the over-allotment option of the underwriters of Artisan’s IPO was not exercised in full, resulting in the Sponsor owning 9,133,558 Founder Shares. Pursuant to the Sponsor Agreement and the Initial Merger, all 9,133,558 Founder Shares were converted into Artisan Public Shares which were then exchanged for an aggregate of 6,933,558 Class A Ordinary Shares upon the closing of the Initial Merger. This resulted in an effective price of approximately \$0.004 per share for each of the shares received by the Sponsor pursuant to the Initial Merger and being registered for resale by the Sponsor (or its transferees) pursuant to this registration statement. On June 9, 2022, the Sponsor distributed the 6,933,558 Class A Ordinary Shares and 4,541,007 Private Warrants held by it to its two members on a pro rata basis, Woodbury Capital Management Limited and M13 Capital Management Holdings Limited.

We are registering the offer and resale of these securities to satisfy certain registration rights we have granted. The Selling Securityholders may offer all or part of the securities for resale from time to time through public or private transactions in amounts, at prices and on terms determined at the time of offering. The Selling Securityholders may offer and sell these securities directly to purchasers, through agents in ordinary brokerage transactions, in underwritten offerings, directly to market makers of our shares or through any other means described in the section entitled “*Plan of Distribution*” herein. In connection with any sales of securities offered hereunder, the Selling Securityholders, any underwriters, agents, brokers or dealers participating in such sales may be deemed to be “underwriters” within the meaning of the Securities Act of 1933, as amended, or the “Securities Act.”

We will not receive any proceeds from the sale of the securities by the Selling Securityholders, except with respect to amounts received by the Company upon exercise of the Warrants to the extent such Warrants are exercised for cash. 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. On July 3, 2023, the closing price of our Class A Ordinary Shares was \$0.90 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.

Our Class A Ordinary Shares and Warrants are listed on the Nasdaq Stock Market LLC, or “NASDAQ,” under the trading symbols “PRE” and “PRENW,” respectively. On July 3, 2023, the closing price for our Class A Ordinary Shares on NASDAQ was \$0.90 per share. On July 3, 2023, the closing price for our Warrants on NASDAQ was \$0.08 per unit.

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, which represented approximately 85.1% of the total Artisan Public Shares then outstanding. The Class A Ordinary Shares being offered for resale pursuant to this prospectus represent approximately 49.6% of the 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 34.8% of our outstanding Warrants as of April 18, 2023. Given the substantial number of securities being registered for potential resale by the selling securityholders pursuant to this registration statement, the sale of such securities by the selling securityholders, or the perception in the market that the selling securityholders may or intend to sell all or a significant portion of such securities, could increase the volatility of the market price of our Class A Ordinary Shares or Warrants or result in a significant decline in the public trading price of our Class A Ordinary Shares or 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 price at which public investors in Artisan’s IPO purchased their shares or the current trading price of our Class A Ordinary Shares. Public investors may

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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. Based on the closing prices of our Class A Ordinary Shares and Warrants referenced above, (i) the selling securityholders that were formerly securityholders of Prenetics may experience profit ranging from \$0 to \$0.87 per share, (ii) the Sponsor (or its transferees) may experience profit of up to \$0.90 per share, or up to approximately \$6.24 million in the aggregate, and (iii) the Artisan Directors may experience profit of up to \$0.90 per share, or up to approximately \$90,000 in the aggregate.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

We are an “emerging growth company” under applicable U.S. federal securities laws and, as such, are eligible for certain reduced public company reporting requirements. See “Prospectus Summary — Emerging Growth Company.”

We are a “foreign private issuer” as defined under the U.S. federal securities laws and, as such, may elect to comply with certain reduced public company disclosure and reporting requirements. See “Prospectus Summary — Foreign Private Issuer.”

Throughout this prospectus, unless the context indicates otherwise, references to “Prenetics” refer to Prenetics Holding Company Limited, formerly known as Prenetics Group Limited, a Cayman Islands holding company, references to “Prenetics HK” refer to Prenetics Limited, a wholly owned subsidiary of Prenetics, and references to “Prenetics Group” refer to Prenetics Holding Company Limited, together with its subsidiaries, including its operating subsidiaries. As a result of the Business Combination, Prenetics has become a wholly owned subsidiary of ours. Prenetics Global Limited is a Cayman Islands holding company with operations primarily conducted by its subsidiaries, in particular, Prenetics, ACT Genomics, and their respective subsidiaries. Investors purchasing our securities are purchasing equity interests in the Cayman Islands holding company. We have subsidiaries conducting operations in Hong Kong, in particular, Prenetics HK, ACT Genomics (Hong Kong) Limited, Sanomics Limited, and their respective subsidiaries. For relevant risks relating to our operations in Hong Kong, see “Risk Factors — Risks Relating to Our Business and Industry — Our business, financial condition and results of operations, and/or the value of our securities or our ability to offer or continue to offer securities to investors may be materially and adversely affected to the extent the laws and regulations of mainland China become applicable to us. In that case, we may be subject to the risks and uncertainties associated with the evolving laws and regulations in mainland China, their interpretation and implementation, and the legal and regulatory system in mainland China more generally, including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice.”

We face various legal and operational risks and uncertainties relating to our operations in Hong Kong. As we presently do not have any business operations in mainland China, either directly or through Variable Interest Entity (VIE) arrangements, we consider that the current laws and regulations of the PRC applicable in mainland China have no material impact on our business, financial condition or results of operations. However, since Hong Kong and Macau are special administrative regions of China, the legal and operational risks associated with operating in China also apply to operations in Hong Kong and Macau. Recent PRC governmental statements and regulatory developments, such as those relating to VIEs, data and cyberspace security, and anti-monopoly concerns, could potentially be applicable to us and our subsidiaries, such as Prenetics or Prenetics HK, given our operations in Hong Kong. This is compounded by the considerable oversight authority the Chinese government holds over business conduct in Hong Kong.

Should the PRC government seek to affect operations of any company with any level of operations in Hong Kong, or should certain PRC laws and regulations or these statements or regulatory actions become applicable to us in the future, it would likely have a material adverse impact on our business, financial condition and results of operations, ability to accept foreign investments and our ability to offer or continue to offer securities to investors in the U.S. or to list on a U.S. or other international securities exchange, any of which may cause the value of our securities to significantly decline or become worthless. For example, if the recent PRC regulatory actions on data and cyberspace security were to apply to us, including our operations in Hong Kong or Macau, we could become subject to certain cybersecurity and data privacy obligations, including the potential requirement to conduct a cybersecurity review for our listing or continued listing on a U.S. or a foreign stock exchange, and the failure to meet such obligations could result in penalties and other regulatory actions against us and may materially and adversely affect our business and results of operations. Regulatory actions related to data security or anti-monopoly concerns in Hong Kong or Macau may also impact our ability to conduct our business, accept foreign investments, or continue to be listed or list on a U.S. or foreign stock exchange.

Pursuant to the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act, 2023, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report on its determinations that it was unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong, and our auditor was subject to that determination. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China or Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA and as a result, NASDAQ may determine to delist our securities. See “Risk Factors — Risks Related to Our Business and Industry — The PCAOB had historically been unable to inspect our auditor in relation to their audit work” and “Risk Factors — Risks Related to Our Business and Industry — Our securities may be prohibited from being traded in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of our securities, or the threat of them being delisted, may materially and adversely affect the value of your investment.” In light of the PRC government’s expansion of authority in Hong Kong, there are risks and uncertainties which we cannot foresee for the time being, and rules and regulations in China can change quickly with little or no advance notice. The PRC government may intervene or influence our current and future operations in Hong Kong or mainland China, if we in the future decide to expand our business operations in mainland China, at any time, or may exert more control over offerings conducted in the U.S. or in other international jurisdictions or foreign investment in companies like us.

From 2020 to 2022, cash was transferred from Prenetics HK to its subsidiaries in the form of capital contributions and through intercompany advances. If needed, cash may be transferred between Prenetics HK and its subsidiaries in the United Kingdom, India and South Africa through intercompany fund advances and capital contributions, and there are currently no restrictions of transferring funds between Prenetics HK and its subsidiaries in the United Kingdom, India and South Africa. However, there also can be no assurance that the PRC government will not intervene or impose restrictions on our ability to transfer or distribute cash within our organization, which could result in an inability or prohibition on making transfers or distributions to entities outside of Hong Kong and adversely affect our business. 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 review and monitor our cash flow forecast and working capital needs of the subsidiaries on a regular basis. In addition, we have not faced difficulties or limitations on our ability to transfer cash between subsidiaries in 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 our subsidiaries in the United Kingdom to fund operations of Prenetics HK for the years ended on December 31, 2020, December 31, 2021, and December 31, 2022. For the year ended on December 31, 2022 and up to the date of this prospectus, cash amounting to US\$116 million has been transferred from our Cayman Islands holding company to Prenetics HK for treasury management. For a detailed description of the intercompany transfer of cash within our group, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operation — Liquidity and Capital Resources.” We and our subsidiaries have not declared or paid dividends or made any distribution of earnings as of the date of this prospectus. We do not intend to declare dividends or distribute earnings (if any) in the near future. Any determination to pay dividends or distribute earnings (if any) in the future will be at the discretion of our board of directors.

Investing in our securities involves a high degree of risk. See “[Risk Factors](#)” beginning on page 15 of this prospectus and other risk factors contained in the documents incorporated by reference herein for a discussion of information that should be considered in connection with an investment in our securities.

Neither the U.S. Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

PROSPECTUS DATED July 6, 2023

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**You should rely only on the information contained or incorporated by reference in this prospectus or any supplement. Neither we nor the Selling Securityholders have authorized anyone else to provide you with different information. The securities offered by this prospectus are being offered only in jurisdictions where the offer is permitted. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of each document. Our business, financial condition, results of operations and prospects may have changed since that date.**

Except as otherwise set forth in this prospectus, neither we nor the Selling Securityholders have taken any action to permit a public offering of these securities outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of these securities and the distribution of this prospectus outside the United States.

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form F-1 filed with the SEC by Prenetics Global Limited. The Selling Securityholders named in this prospectus may, from time to time, sell the securities described in this prospectus in one or more offerings. This prospectus includes important information about us, the securities being offered by the Selling Securityholders and other information you should know before investing. Any prospectus supplement may also add, update, or change information in this prospectus. If there is any inconsistency between the information contained in this prospectus and any prospectus supplement, you should rely on the information contained in that particular prospectus supplement. This prospectus does not contain all of the information provided in the registration statement that we filed with the SEC. You should read this prospectus together with the additional information about us described in the section below entitled “Where You Can Find More Information.” You should rely only on information contained in this prospectus. We have not, and the Selling Securityholders have not, authorized anyone to provide you with information different from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date on the front cover of the prospectus. You should not assume that the information contained in this prospectus is accurate as of any other date.

The Selling Securityholders may offer and sell the securities directly to purchasers, through agents selected by the Selling Securityholders, to or through underwriters or dealers or through any other means described in “Plan of Distribution.” A prospectus supplement, if required, may describe the terms of the plan of distribution and set forth the names of any agents, underwriters or dealers involved in the sale of securities.

References to “U.S. Dollars,” “USD,” “US\$” and “\$” in this prospectus 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 prospectus have been rounded to a single decimal place for the convenience of readers.

Throughout this prospectus, unless otherwise designated, the terms “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.

## **FINANCIAL STATEMENT PRESENTATION**

Our audited consolidated statements of financial position as of December 31, 2022 and 2021, and 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, included in this prospectus have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and are presented in U.S. Dollars.

The audited consolidated statements of financial position of ACT Genomics as of December 31, 2021, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended December 31, 2021, and the related notes, included in this prospectus have been prepared in accordance with IFRS and are presented in U.S. Dollars.

The unaudited condensed consolidated financial statements of ACT Genomics as of September 30, 2022 and for the nine-month period ended September 30, 2022 included in this prospectus have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting, issued by the IASB, and should be read in conjunction with the audited consolidated financial statements of ACT Genomics, included elsewhere in this prospectus.

## INDUSTRY AND MARKET DATA

Our industry and market position information that appears in this prospectus is from independent market research carried out by Frost & Sullivan (“F&S”), which was commissioned by us. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates.

Such information is supplemented where necessary with our own internal estimates and information obtained from discussions with our customers, taking into account publicly available information about other industry participants and our management’s judgment where information is not publicly available. This information appears in “Prospectus Summary,” “Market Opportunities,” “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and other sections of this prospectus.

Industry reports, publications, research, studies and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. In some cases, we do not expressly refer to the sources from which this data is derived. While we have compiled, extracted, and reproduced industry data from these sources, we have not independently verified the data. We are responsible for the industry and market data contained in this prospectus. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this prospectus. These forecasts and forward-looking information are subject to uncertainty and risk due to a variety of factors, including those described under “Risk Factors.” These and other factors could cause results to differ materially from those expressed in any forecasts or estimates.



## FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement include 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 prospectus 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;
- Our ability to maintain the listing of our securities on NASDAQ;

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- 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 prospectus 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 the heading “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 prospectus or elsewhere might not occur.

## CONVENTIONS AND FREQUENTLY USED TERMS

Throughout this prospectus, unless otherwise designated, the terms “we,” “us,” “our,” “the Company” and “our company” refer to Prenetics Global Limited and its subsidiaries and consolidated affiliated entities. References to “Prenetics” refer to Prenetics Holding Company Limited, formerly known as Prenetics Group Limited, a Cayman Islands holding company. References to “Prenetics HK” refer to Prenetics Limited, a wholly owned subsidiary of Prenetics. References to “Prenetics Group” refer to Prenetics Holding Company Limited, together as a group with its subsidiaries. As a result of the Business Combination, Prenetics has become a wholly owned subsidiary of ours.

Unless otherwise stated or unless the context otherwise requires in this prospectus:

“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, and 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;

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“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 prospectus, Taiwan. The term “Chinese” has a correlative meaning for the purpose of this prospectus;

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

“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;

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“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>;

“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;

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

“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;

“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;

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“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.

## PROSPECTUS SUMMARY

*This summary highlights certain information about us, this offering and selected information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in the securities covered by this prospectus. You should read the following summary together with the more detailed information in this prospectus, any related prospectus supplement and any related free writing prospectus, including the information set forth in the section titled “Risk Factors” in this prospectus, any related prospectus supplement and any related free writing prospectus in their entirety before making an investment decision.*

### Overview

We are a leading genomics-driven health sciences company that is seeking to revolutionize prevention, early detection and treatment of cancer. Our business was founded in 2014 with a mission 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 striving for world-class excellence in research, development and real-world applications, we aim to foster hope and build a healthier future for generations to come. 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. In consumer health, we have more than 300,000 customers (including DNAFit customers) who have purchased a CircleDNA test kit as of December 31, 2022. With a diverse, talented and strong management team consisting of scientists, entrepreneurs and professionals, we believe that 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.

### Completion of 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.

### Recent Development

#### *Establishment of a Joint Venture*

On June 25, 2023, we entered into definitive transaction documents to establish a joint venture between Prenetics, Professor Dennis Lo, and others, named Insighta (the “Joint Venture”). The Joint Venture’s primary purpose is to carry out clinical trials and commercialize Professor Dennis Lo’s breakthrough multi-cancer early detection technology, “FRAGMA.” Professor Dennis Lo is renowned for his ground-breaking work in non-invasive prenatal testing and in liquid biopsy, and has been bestowed with some of the highest distinctions in life sciences, including the Lasker Award in 2022.

Pursuant to the definitive agreements, Prenetics will receive a 50% equity stake in the Joint Venture for a total consideration of \$100,000,000, which comprises a cash consideration of \$80,000,000 and a share

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consideration of \$20,000,000 in the form of newly issued 22,222,222 Class A Ordinary Shares issued at an issue price of \$0.90 per Class A Ordinary Share. Professor Dennis Lo and his group will, in aggregate, hold the remaining 50% equity stake in the Joint Venture.

The Joint Venture will be governed by a six-person board of directors with Professor Dennis Lo as the Chairman. Danny Yeung will serve as the Chief Executive Officer of the Joint Venture. The transactions are subject to customary closing conditions and are expected to complete in July 2023.

**Financial Results for the Three Months ended March 31, 2023**

**Unaudited consolidated statements of financial position**  
(Expressed in United States dollars unless otherwise indicated)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	\$	\$
<b>Assets</b>		
Property, plant and equipment	11,809,757	13,102,546
Intangible assets	14,463,400	14,785,875
Goodwill	33,800,276	33,800,276
Interests in associates	677,339	788,472
Deferred tax assets	7,626	243,449
Deferred expenses	5,119,170	6,307,834
Other non-current assets	1,064,194	1,292,462
<b>Non-current assets</b>	<u>66,941,762</u>	<u>70,320,914</u>
Deferred expenses	4,547,611	4,577,255
Inventories	3,420,013	4,534,072
Trade receivables	5,718,516	41,691,913
Deposits, prepayments and other receivables	6,488,436	6,889,114
Amount due from an associate	181,942	—
Financial assets at fair value through profit or loss	17,537,608	17,537,608
Short-term deposits	19,872,581	19,920,160
Cash and cash equivalents	166,335,875	146,660,195
<b>Current assets</b>	<u>224,102,582</u>	<u>241,810,317</u>
<b>Total assets</b>	<u>291,044,344</u>	<u>312,131,231</u>
<b>Liabilities</b>		
Deferred tax liabilities	2,924,369	3,185,440
Warrant liabilities	2,314,609	3,574,885
Lease liabilities	3,627,663	3,763,230
Other non-current liabilities	830,562	949,701
<b>Non-current liabilities</b>	<u>9,697,203</u>	<u>11,473,256</u>
Trade payables	7,505,724	7,291,133
Accrued expenses and other current liabilities	6,460,445	15,611,421
Contract liabilities	4,917,268	5,674,290
Lease liabilities	2,779,426	2,882,933
Liabilities for puttable financial instrument <sup>1</sup>	17,459,600	17,138,905
Tax payable	8,692,193	8,596,433
<b>Current liabilities</b>	<u>47,814,656</u>	<u>57,195,115</u>
<b>Total liabilities</b>	<u>57,511,859</u>	<u>68,668,371</u>



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	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	\$	\$
<b>Equity</b>		
Share capital <sup>2</sup>	15,882	13,698
Reserves	<u>228,232,194</u>	<u>237,050,429</u>
Total equity attributable to equity shareholders of the Company	228,248,076	237,064,127
Non-controlling interests	<u>5,284,409</u>	<u>6,398,733</u>
<b>Total equity</b>	<u>233,532,485</u>	<u>243,462,860</u>
<b>Total equity and liabilities</b>	<u>291,044,344</u>	<u>312,131,231</u>
1	In connection with the acquisition of ACT Genomics, the remaining shareholders of ACT Genomics — representing 25.61% of the fully diluted shareholding of ACT Genomics that Prenetics does not own — were granted put options which allow these remaining shareholders to put their remaining shares to Prenetics under certain conditions. The liabilities arising from such put option are recorded as <i>liabilities for puttable financial instrument</i> , and are valued at the present value of the exercise price of the put option.	
2	Represents number of authorized and issued shares as follows:	
	<u>March 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Number of authorized shares of \$0.0001 each	<u>500,000,000</u>	<u>500,000,000</u>
Number of issued shares	<u>158,820,280</u>	<u>136,983,110</u>

**Unaudited consolidated statements of profit or loss and other comprehensive income**

(Expressed in United States dollars unless otherwise indicated)

	For the three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	\$	\$	\$
<b>Revenue</b>	17,700,142	52,320,754	92,044,049
Direct costs	(9,818,719)	(25,317,570)	(56,006,216)
<b>Gross profit</b>	7,881,423	27,003,184	36,037,833
Other income and other net gain/(losses)	1,223,124	1,149,335	(29,011)
Selling and distribution expenses <sup>1</sup>	(2,642,552)	(2,503,384)	(5,283,146)
Research and development expenses <sup>4</sup>	(3,474,554)	(3,605,801)	(3,821,490)
Restructuring costs in relation to diagnostic business <sup>2</sup>	—	(2,709,143)	—
Administrative and other operating expenses <sup>4</sup>	(15,032,140)	(14,704,261)	(27,454,847)
<b>(Loss)/profit from operations</b>	(12,044,699)	4,629,930	(550,661)
Fair value loss on financial assets at fair value through profit or loss	—	(7,689,311)	—
Fair value loss on preference shares liabilities	—	—	(28,276,001)
Fair value gain on warrant liabilities	1,260,276	6,498,365	—
Share of losses of associates	(112,751)	—	—
Other finance costs	(79,189)	(116,029)	(2,491,796)
<b>(Loss)/profit before taxation</b>	(10,976,363)	3,322,955	(31,318,458)
Income tax credit/(expense)	2,623	(1,715,012)	(1,667,438)
<b>(Loss)/profit for the period</b>	(10,973,740)	1,607,943	(32,985,896)
<b>Other comprehensive income for the period</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of:			
— financial statements of subsidiaries outside Hong Kong	(636,502)	2,759,672	(530,738)
<b>Total comprehensive income for the period</b>	(11,610,242)	4,367,615	(33,516,634)

1 Includes equity-settled share-based payment expenses (excluding share-based payment on listing) as follows:

	For the three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	\$	\$	\$
Selling and distribution expenses	45,255	63,033	9,492
Research and development expenses	486,507	747,059	1,249,618
Administrative and other operating expenses	2,574,249	2,392,105	7,896,731
<b>Total equity-settled share-based payment expenses (excluding share-based payment on listing)</b>	3,106,011	3,202,197	9,155,841

2 Includes restructuring costs in relation to diagnostic business as follows:

	March 31, 2023	For the three months ended December 31, 2022	March 31, 2022
	\$	\$	\$
Impairment losses on property, plant and equipment	—	2,709,143	—

**Unaudited consolidated statements of profit or loss and other comprehensive income**

*(Expressed in United States dollars unless otherwise indicated)*

	March 31, 2023	For the three months ended December 31, 2022	March 31, 2022
	\$	\$	\$
<b>(Loss)/profit attributable to:</b>			
Equity shareholders of Prenetics	(10,398,430)	1,607,942	(32,985,850)
Non-controlling interests	(575,310)	1	(46)
	<u>(10,973,740)</u>	<u>1,607,943</u>	<u>(32,985,896)</u>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of Prenetics	(10,495,918)	4,367,614	(33,516,588)
Non-controlling interests	(1,114,324)	1	(46)
	<u>(11,610,242)</u>	<u>4,367,615</u>	<u>(33,516,634)</u>
<b>(Loss)/earnings per share:</b>			
Basic	(0.07)	0.01	(1.06)
Diluted	(0.07)	0.01	(1.06)
<b>Weighted average number of common shares:</b>			
Basic	157,839,309	115,386,543	31,207,949
Diluted	157,839,309	162,708,402	31,207,949

**Unaudited Financial Information and Non-IFRS Financial Measures**

To supplement our consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), we are providing non-IFRS measures, adjusted EBITDA, adjusted gross profit and adjusted (loss)/profit attributable to equity shareholders of Prenetics. These non-IFRS financial measures are not based on any standardized methodology prescribed by IFRS and are not necessarily comparable to similarly-titled measures presented by other companies. We believe these non-IFRS financial measures are useful to investors in evaluating our ongoing operating results and trends.

We are excluding from some or all of our non-IFRS results (1) employee equity-settled share-based payment expenses, (2) depreciation and amortization, (3) finance income and exchange gain or loss, net, and (4) certain items that may not be indicative of our business, results of operations, or outlook, including but not limited to non-cash and/or non-recurring items. These non-IFRS financial measures are limited in value because they exclude certain items that may have a material impact on the reported financial results. We account for this limitation by analyzing results on an IFRS basis as well as a non-IFRS basis and also by providing IFRS measures in our public disclosures.

In addition, other companies, including companies in the same industry, may not use the same non-IFRS measures or may calculate these metrics in a different manner than management or may use other financial

measures to evaluate their performance, all of which could reduce the usefulness of these non-IFRS measures as comparative measures. Because of these limitations, our non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. Investors are encouraged to review the non-IFRS reconciliations provided in the tables below.

**Unaudited Financial Information and Non-IFRS Financial Measures**  
(Expressed in United States dollars unless otherwise indicated)

**Reconciliation of (loss)/profit from operations under IFRS and adjusted EBITDA (Non-IFRS)**

	For the three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	\$	\$	\$
<b>(Loss)/profit from operations under IFRS</b>	(12,044,699)	4,629,930	(550,661)
Employee equity-settled share-based payment expenses	3,124,189	3,241,872	9,377,115
Depreciation and amortization	2,137,814	1,333,231	2,155,295
Restructuring costs in relation to diagnostic business	—	2,709,143	—
Other strategic financing, transactional expense and non-recurring expenses	2,238,906	957,150	1,695,185
Finance income, exchange gain or loss, net	(1,146,164)	(751,171)	31,772
<b>Adjusted EBITDA (Non-IFRS)</b>	<u>(5,689,954)</u>	<u>12,120,155</u>	<u>12,708,706</u>

**Reconciliation of gross profit under IFRS and adjusted gross profit (Non-IFRS)**

	For the three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	\$	\$	\$
<b>Gross profit under IFRS</b>	7,881,423	27,003,184	36,037,833
Depreciation and amortization	384,326	527,722	417,619
<b>Adjusted gross profit (Non-IFRS)</b>	<u>8,265,749</u>	<u>27,530,906</u>	<u>36,455,452</u>

**Reconciliation of (loss)/profit attributable to equity shareholders of Prenetics under IFRS and adjusted (loss)/profit attributable to equity shareholders of Prenetics (Non-IFRS)**

	For the three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	\$	\$	\$
<b>(Loss)/profit attributable to equity shareholders of Prenetics under IFRS</b>	(10,398,430)	1,607,942	(32,985,850)
Employee equity-settled share-based payment expenses	3,124,189	3,241,872	9,377,115
Other strategic financing, transactional expense and non-recurring expenses	2,238,906	957,150	1,695,185
Fair value loss on preference shares liabilities	—	—	28,276,001
Fair value gain on warrant liabilities	(1,260,276)	(6,498,365)	—
Fair value loss on financial assets at fair value through profit or loss	—	7,689,311	—
Restructuring costs in relation to diagnostic business	—	2,709,143	—
<b>Adjusted (loss)/profit attributable to equity shareholders of Prenetics (Non-IFRS)</b>	<u>(6,295,611)</u>	<u>9,707,053</u>	<u>6,362,451</u>

### **Emerging Growth Company**

We qualify as an “emerging growth company” as defined in the JOBS Act, and 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 our prior second fiscal quarter, we have been subject to Exchange Act reporting requirements for at least 12 calendar months; and filed at least one annual report, 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 it has 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 stock 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 (Fair Disclosure), which restricts the selective disclosure of material information.

### **Foreign Private Issuer**

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, or “the Exchange Act,” that are applicable to “foreign private issuers,” and under those requirements we file reports with the SEC. As a foreign private issuer, we are not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. Under the Exchange Act, we are subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. For example, we are not required to issue quarterly reports, proxy statements that comply with the requirements applicable to U.S. domestic reporting companies, or individual executive compensation information that is as detailed as that required of U.S. domestic reporting companies. We also have four months after the end of each fiscal year to file our annual reports with the SEC and are not required to file current reports as frequently or

promptly as U.S. domestic reporting companies. Furthermore, our officers, directors and principal shareholders are exempt from the requirements to report transactions in our equity securities and from the short-swing profit liability provisions contained in Section 16 of the Exchange Act. As a foreign private issuer, we are also not subject to the requirements of Regulation FD promulgated under the Exchange Act. These exemptions and leniencies reduce the frequency and scope of information and protections available to you in comparison to those applicable to shareholders of U.S. domestic reporting companies.

**Our Corporate Information**

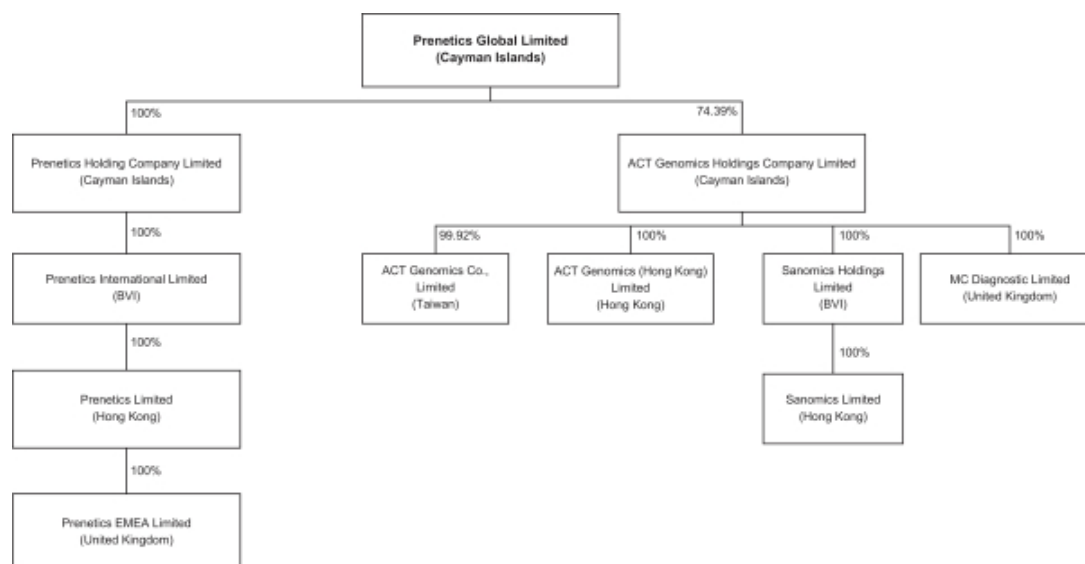
We are an exempted company limited by shares incorporated on July 21, 2021 under the laws of the Cayman Islands. Our registered office is at Unit 701-706, K11 Atelier King’s Road, 728 King’s Road, Quarry Bay, Hong Kong and our telephone number is +852-2210-9588. Our website is <https://www.prenetics.com/>. The information contained in, or accessible through, our website does not constitute a part of this prospectus.

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](http://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.

**Our Organizational Structure**

The following diagram depicts a simplified organizational structure of the Company as of the date hereof.



**Permissions Required from the PRC Authorities for Our Operations**

Historically, we held a minority interest in a genomics business in mainland China through Shenzhen Discover Health Technology Co., Ltd. (the “VIE Entity”), a PRC limited liability company, by entering into a series of contractual arrangements with the VIE Entity and its nominee shareholders through our wholly owned PRC subsidiary, Qianhai Prenetics Technology (Shenzhen) Co., Ltd. (the “WFOE”). On November 26, 2021, the agreements governing the VIE Entity were terminated with immediate effect. As a result, our corporate structure

no longer contains any VIE. We believe that we and our subsidiaries, to the extent applicable, have obtained and have not been denied the requisite permissions or approvals that are material for our operations as of the date of this prospectus. We conduct our operations primarily through our subsidiaries in Hong Kong and other jurisdictions. For the years ended December 31, 2020, December 31, 2021 and December 31, 2022, we generated all of our revenue from our businesses outside of mainland China. Moreover, we do not sell any testing products in mainland China or solicit any customer or collect, host or manage any customer's personal data in mainland China. Nor do we have access to any personal data of any customer in mainland China that is collected, hosted or managed by our historical minority interest in a genomics business in mainland China. As such, we believe that, based on the advice of our PRC legal counsel, DaHui Lawyers, we are currently not required to obtain any permission or approval from the China Securities Regulatory Commission (CSRC), Cyberspace Administration of China (CAC) or any other governmental agency to operate our business or to list our securities on a U.S. securities exchange or issue securities to U.S. or other foreign investors. If (i) we do not receive or maintain any permission or approval required of us, (ii) we incorrectly concluded that certain permissions or approvals have been acquired or are not required, when they are required and have not been acquired or (iii) applicable laws, regulations, or interpretations thereof change and we become subject to the requirement for additional permissions or approvals in the future, we may have to expend significant time and costs to procure them. If we are unable to do so, on commercially reasonable terms, in a timely manner or otherwise, we may become subject to sanctions imposed by the PRC or other applicable regulatory authorities, which could include fines and penalties, proceedings against us, and other forms of sanctions, and our ability to conduct our business or accept U.S. or other foreign investments, or continue to remain listed on a U.S. or other international securities exchange may be restricted, and our business, reputation, financial condition, and results of operations may be materially and adversely affected.

### Cash Transfers and Dividend Distribution

From 2020 to 2022, cash was transferred from Prenetics HK to its subsidiaries in the form of capital contributions and through intercompany advances. If needed, cash may be transferred between Prenetics HK and its subsidiaries in the United Kingdom, India and South Africa through intercompany fund advances and capital contributions, and there are currently no restrictions of transferring funds between Prenetics HK and its subsidiaries in the United Kingdom, India and South Africa. 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 review and monitor our cash flow forecast and working capital needs of the subsidiaries on a regular basis. In addition, we have not faced difficulties or limitations on our ability to transfer cash between subsidiaries in 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 our subsidiaries in the United Kingdom to fund operations of Prenetics HK for the years ended on December 31, 2020, December 31, 2021, and December 31, 2022. No transfer of cash, dividends or distributions has been made between us or our subsidiaries, on one hand, and the VIE Entity, on the other, from 2020 to the date when the agreements governing the VIE Entity were terminated in 2021 and up to date of this prospectus. For the year ended on December 31, 2022 and up to the date of this prospectus, cash amounting to US\$116 million has been transferred from our Cayman Islands holding company to Prenetics HK for treasury management. The following table summarized the amount of cash transferred between Prenetics HK and its subsidiaries for the periods presented, which was in the form of capital contributions and through intercompany advances:

	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

For a detailed description of the intercompany transfer of cash within our group, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operation — Liquidity and Capital Resources.”

We and our subsidiaries have not declared or paid dividends or made any distribution of earnings as of the date of this prospectus. We do not intend to declare dividends or distribute earnings (if any) in the near future. Any determination to pay dividends or distribute earnings (if any) in the future will be at the discretion of our board of directors. A U.S. Holder (as defined in the section headed “Taxation”) 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. See “Taxation — United States Federal Income Tax Considerations — Taxation of Distributions.”

There are no significant restrictions on buying or selling foreign exchange or our ability to transfer cash between entities within our group, across borders, or to U.S. investors. There are no significant restrictions and limitations on our ability to distribute earnings (if any) from our businesses, including our subsidiaries, to the parent company and U.S. investors or our ability to settle amounts owed. However, there can be no assurance that the PRC government will not intervene or impose restrictions on our ability to buy or sell foreign exchange or transfer or distribute cash within our organization, which could result in an inability or prohibition on making transfers or distributions to entities outside of Hong Kong and adversely affect our business.

### **The Holding Foreign Companies Accountable Act**

Pursuant to the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act, 2023, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong, including our auditor. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China or Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we will not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA and as a result, NASDAQ may determine to delist our securities. See “Risk Factors — Risks Related to Our Business and Industry — The PCAOB had historically been unable to inspect our auditor in relation to their audit work” and “Risk Factors — Risks Related to Our Business and Industry — Our securities may be prohibited from being traded in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of our securities, or the threat of them being delisted, may materially and adversely affect the value of your investment.”

### **Summary 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 “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.

There are various risks related to our business, operations and corporate structure, which include, but are not limited to:

- 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 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.
- 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.
- 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.
- If we are not successful in leveraging our platform to discover, develop and commercialize additional products, our ability to expand our business and achieve our strategic objectives would be impaired.
- If our products and services do not deliver reliable results as expected, our reputation, business and operating results will be adversely affected.
- 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.
- You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations, and a majority of our directors and executive officers reside, outside of the United States.

We also face various legal and operational risks associated with doing business in Hong Kong. As we presently do not have any business operations in mainland China, either directly or through Variable Interest

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Entity (VIE) arrangements, we consider that the current laws and regulations of the PRC applicable in mainland China have no material impact on our business, financial condition or results of operations. However, since Hong Kong and Macau are special administrative regions of China, the legal and operational risks associated with operating in China also apply to operations in Hong Kong and Macau. Recent PRC governmental statements and regulatory developments, such as those relating to VIEs, data and cyberspace security, and anti-monopoly concerns, could potentially be applicable to us and our subsidiaries, such as Prenetics or Prenetics HK, given our operations in Hong Kong. This is compounded by the considerable oversight authority the Chinese government holds over business conduct in Hong Kong. Should the PRC government seek to affect operations of any company with any level of operations in Hong Kong, or should certain PRC laws and regulations or these statements or regulatory actions become applicable to us in the future, it would likely have a material adverse impact on our business, financial condition and results of operations, ability to accept foreign investments and our ability to offer or continue to offer securities to investors in the U.S. or to list on a U.S. or other international securities exchange, any of which may cause the value of our securities to significantly decline or become worthless. For example, if the recent PRC regulatory actions on data and cyberspace security were to apply to us, including our operations in Hong Kong or Macau, we could become subject to certain cybersecurity and data privacy obligations, including the potential requirement to conduct a cybersecurity review for our listing or continued listing on a U.S. or foreign stock exchange, and the failure to meet such obligations could result in penalties and other regulatory actions against us and may materially and adversely affect our business and results of operations. Regulatory actions related to data security or anti-monopoly concerns in Hong Kong or Macau may also impact our ability to conduct our business, accept foreign investments, or continue to be listed or list on a U.S. or foreign stock exchange. Additional risks include, but are not limited to:

- The PCAOB had historically been unable to inspect our auditor in relation to their audit work.
- Our securities may be prohibited from being traded in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of our securities, or the threat of them being delisted, may materially and adversely affect the value of your investment.
- Our business, financial condition and results of operations, and/or the value of our securities or our ability to offer or continue to offer securities to investors may be materially and adversely affected to the extent the laws and regulations of mainland China become applicable to us. In that case, we may be subject to the risks and uncertainties associated with the evolving laws and regulations in mainland China, their interpretation and implementation, and the legal and regulatory system in mainland China more generally, including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice.
- 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 and 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 or be worthless, which would materially affect the interests of the investors.

For additional detail on these and other risks, see “Risk Factors — Risks Relating to Our Business and Industry” starting on page 15 of this prospectus.

## THE OFFERING

*The summary below describes the principal terms of the offering. The “Description of Share Capital” section of this prospectus contains a more detailed description of the Company’s Class A Ordinary Shares and Warrants.*

Securities being registered for resale by the Selling Securityholders named in the prospectus	(i) Up to 60,156,798 Class A Ordinary Shares, which includes: <ul style="list-style-type: none"><li>• 6,913,200 Class A Ordinary Shares issued in the PIPE Investment;</li><li>• 7,740,000 Class A Ordinary Shares issued to the Forward Purchase Investors;</li><li>• 6,933,558 Class A Ordinary Shares issued to the Sponsor pursuant to the Initial Merger;</li><li>• 100,000 Class A Ordinary Shares issued to the Artisan Directors pursuant to the Initial Merger;</li><li>• 9,713,864 Class A Ordinary Shares issuable upon the conversion of 9,713,864 Class B Ordinary Shares issued to Da Yeung Limited pursuant to the Acquisition Merger; and</li><li>• a total of 28,756,176 Class A Ordinary Shares issued to certain prior shareholders of Prenetics pursuant to the Acquisition Merger,</li></ul> (ii) up to 6,041,007 Private Warrants issued to the Sponsor and the Forward Purchase Investors pursuant to the Initial Merger, and (iii) up to 7,792,898 Class A Ordinary Shares issuable upon exercises of the Private Warrants.
Terms of Warrants	Each Warrant entitles the holder to purchase 1.29 Class A Ordinary Shares at a 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. Our Warrants expire on May 18, 2027, at 5:00 p.m., New York City time.
Offering prices	The securities offered by this prospectus may be offered and sold at prevailing market prices, privately negotiated prices or such other prices as the Selling Securityholders may determine. See “Plan of Distribution.”
Ordinary shares issued and outstanding prior to any exercise of Warrants	136,952,037 Class A Ordinary Shares and 22,596,703 Class B Ordinary Shares as of April 18, 2023.
Warrants issued and outstanding	17,352,393 Warrants as of April 18, 2023.

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Use of proceeds	<p>All of the securities offered by the Selling Securityholders pursuant to this prospectus will be sold by the Selling Securityholders for their respective accounts. We will not receive any of the proceeds from such sales, except with respect to amounts received by us upon exercise of the Warrants to the extent such Warrants are exercised for cash.</p> <p>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 July 3, 2023, the closing price of our Class A Ordinary Shares was \$0.90 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.</p>
Dividend Policy	<p>We have never declared or paid any cash dividend on our Class A Ordinary Shares. 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.</p>
Market for our Class A Ordinary Shares and Warrants	<p>Our Class A Ordinary Shares and Warrants are listed on NASDAQ under the trading symbols “PRE” and “PRENW,” respectively.</p>
Risk factors	<p>Prospective investors should carefully consider the “Risk Factors” for a discussion of certain factors that should be considered before buying the securities offered hereby.</p>

## RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this prospectus, before making an investment decision. The occurrence of one or more of the events or circumstances described in these risk factors, alone or in combination with other events or circumstances, may have a material adverse effect on our business, financial condition, results of operations, prospects and trading price. The risks discussed below may not prove to be exhaustive and are based on certain assumptions made by us, which later may prove to be incorrect or incomplete. We may face additional risks and uncertainties that are not presently known to us, or that are currently deemed immaterial, but which may also ultimately have an adverse effect on us. The trading price and value of our Class A Ordinary Shares and Warrants could decline due to any of these risks, and you may lose all or part of your investment. This prospectus and any prospectus supplement or related free writing prospectus also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus and any prospectus supplement or related free writing prospectus.

### 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 \$260.0 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:

- ability to acquire, develop and commercialize products and meet consumer demand;
- support from evidence of clinical performance;
- ability to obtain and maintain required regulatory approvals;
- level of patent protection;
- ability to achieve economies of scale by lowering production cost;
- pricing level;

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- access to adequate capital; and
- 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:

- quality and reliability of its solutions;
- accessibility of results;
- turnaround time of testing results;
- price;
- convenience and ease of use;
- selling and marketing efforts;
- additional value-added services and health informatics tools;
- customer service and support efforts;
- adaptability to evolving regulatory landscape;
- the ability to execute strategies to protect data privacy and build customer trust; and
- our brand recognition relative to our competitors.

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.

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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:

- the ability to continue developing cancer screening tools, especially a broader product portfolio;
- cost-effectiveness of marketing efforts to market our products across Asia and EMEA;
- commercialization of infrastructure and distribution networks for the promotion and sale of our products;
- 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
- 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:

- the timely receipt of regulatory approvals and marketing authorizations from the regulatory authorities in jurisdictions to which we plan to expand our business operations;
- 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;
- 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;
- 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;

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- 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.

If CircleDNA, ColoClear, and ACTOnco 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



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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:

- properly identify and anticipate physician and patient needs;
- assemble sufficient resources to discover additional testing products;
- develop and introduce new products or enhancements in a timely manner;
- demonstrate, if required by regulatory authorities, the accuracy and usability of new testing products and enhancements with data from clinical trials;
- obtain the necessary regulatory clearances or approvals for expanded indications, new testing products or enhancements;
- be fully compliant with regulations on marketing of new devices or modified products;
- produce new testing products in a cost-effective manner; and
- 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

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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.

***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:

- increase our customer base;
- continue to implement and successfully execute our business and marketing strategy;
- identify, acquire and successfully integrate assets or technologies in areas that are complementary to our business strategy;
- integrate our business with ACT Genomics' business successfully and realize the anticipated synergies and related benefits within the anticipated timeframe;
- successfully enter into other strategic collaborations or relationships;
- obtain access to capital on acceptable terms and effectively utilize that capital;

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- identify, attract, hire, retain, motivate and successfully integrate additional employees;
- continue to expand, automate and upgrade our laboratory, technology and data systems;
- provide rapid test turnaround times with accurate and clear results at low prices;
- provide superior customer service; and
- 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:

- 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;
- 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;
- our ability to scale manufacturing to quantities sufficient to meet consumer demand in a timely manner;
- our ability to control costs, particularly manufacturing expenses;
- our ability to achieve or maintain a retail price satisfactory to consumers;
- unanticipated delays in test kit development or test kit launches;
- positive or negative media coverage of our products or competing products; and
- 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. We anticipate that sales and distribution expenses will continue to represent a significant percentage of our overall operating costs for the foreseeable future.

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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 prospectus, 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

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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.

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, and 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

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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:

- the level of demand for our products;
- 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;
- sales and marketing efforts and expenses;
- the rate at which we grow our sales force and the speed at which newly hired salespeople become effective;
- changes in the productivity of our sales force;
- positive or negative coverage in the media or clinical publications of our testing products or competitive products;
- 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;
- our introduction of new or enhanced products or technologies or others in the diagnostic and genetic testing industry;
- pricing pressures;
- expenditures that we may incur to acquire, develop or commercialize testing products for additional indications, if any;
- the degree of competition in our industry and any change in the competitive landscape of our industry;
- changes in governmental regulations or in the status of our regulatory approvals or requirements;
- 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.

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***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:

- provide effective, accurate and user-friendly testing services to customers;
- maintain the efficiency, reliability and quality of the testing services we provide to our consumers;
- maintain or improve consumer satisfaction with our after-sale services;
- increase brand awareness through marketing and brand promotion activities; and
- 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

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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. Market opportunity estimates and growth forecasts included in this prospectus 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:

- the cost and timing of additional regulatory clearances or approvals for our testing services and products;
- our ability to achieve and maintain revenue growth;
- the potential cost of and delays in product development as a result of any regulatory oversight applicable to our services and products;

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- the scope, rate of progress and cost of our current and future clinical trials;
- the costs of attaining, defending and enforcing our intellectual property rights;
- the terms and timing of any other collaborative, licensing and other arrangements that we may establish; and
- the costs of responding to the other risks and uncertainties described in this prospectus.

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.

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

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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 a public company 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.

***The PCAOB had historically been unable to inspect our auditor in relation to their audit work.***

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in Hong Kong, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB

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inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China or Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our securities would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in our securities to lose confidence in our audit procedures and reported financial information and the quality of our financial statements. Any of the foregoing could have a material adverse effect on the market value of our securities.

***Our securities may be prohibited from being traded in the United States under the Holding Foreign Companies Accountable Act in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of our securities, or the threat of them being delisted, may materially and adversely affect the value of your investment.***

Pursuant to the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act, 2023, or the HFCAA, if the SEC determines that an issuer has filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit the securities of the issuer from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong, and our auditor was subject to that determination. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China or Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our securities are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our securities when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our securities. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

***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.

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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.

***Our business, financial condition and results of operations, and/or the value of our securities or our ability to offer or continue to offer securities to investors may be materially and adversely affected to the extent the laws and regulations of mainland China become applicable to us. In that case, we may be subject to the risks and uncertainties associated with the evolving laws and regulations in mainland China, their interpretation and implementation, and the legal and regulatory system in mainland China more generally, including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice.***

We conduct our operations primarily through our subsidiaries in Hong Kong and other jurisdictions. For the years ended December 31, 2020, December 31, 2021 and December 31, 2022, we generated all of our revenue from our businesses outside of mainland China. Moreover, we do not sell any testing products in mainland China or solicit any customer or collect, host or manage any customer’s personal data in mainland China. Nor do we have access to any personal data of any customer in mainland China that is collected, hosted or managed by our historical minority interest in a genomics business in mainland China. Accordingly, we believe that the laws and regulations of mainland China, including the developments in cybersecurity laws and regulations of mainland China, do not currently have any material impact on our business, financial condition and results of operations or the listing of our securities, notwithstanding the fact that we have substantial operations in Hong Kong.

Pursuant to the Basic Law of the Hong Kong Special Administrative Region (the “Basic Law”), which is a national law of the PRC and the constitutional document for Hong Kong, national laws of the PRC shall not be applied in Hong Kong except for those listed in Annex III of the Basic Law and applied locally by promulgation or local legislation. The Basic Law expressly provides that the national laws of the PRC which may be listed in Annex III of the Basic Law shall be confined to those relating to defense and foreign affairs as well as other matters outside the autonomy of Hong Kong. While the National People’s Congress of the PRC has the power to amend the Basic Law, the Basic Law also expressly provides that no amendment to the Basic Law shall contravene the established basic policies of the PRC regarding Hong Kong. As a result, national laws of the PRC not listed in Annex III of the Basic Law, including the enacted version of PRC Data Security Law, the revised Measures for Cybersecurity Review (“Review Measures”) issued by the CAC, and the PRC Personal Information Protection Law, do not apply in Hong Kong.

If certain PRC laws and regulations were to become applicable in Hong Kong in the future, the application of such laws and regulations may have a material adverse impact on our business, financial condition and results of operations and our ability to offer or continue to offer securities to investors, any of which may cause the value of our securities to significantly decline or become worthless. In addition, the laws and regulations in the PRC are evolving, and their enactment timetable, interpretation and implementation involve significant uncertainties. To the extent any PRC laws and regulations become applicable to our business, we may be subject to the risks and uncertainties associated with the legal system in the PRC including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice.

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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 and 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 or be worthless, which would materially affect the interests of the investors.***

We currently do not have any business operations in mainland China or generate revenues from any businesses in mainland China. We believe that the laws and regulations of mainland China do not currently have any material impact on our business operations, and the mainland Chinese government does not currently exert direct influence or intervention over the manner in which we conduct our business. However, we believe there is significant market opportunity in mainland China for early detection for cancer. If we do decide to expand our operations into mainland China in the future, we could be subject to the significant oversight of the mainland Chinese government. In addition, 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. See “— Our business, financial condition and results of operations, and/or the value of our securities or our ability to offer or continue to offer securities to investors may be materially and adversely affected to the extent the laws and regulations of mainland China become applicable to us. In that case, we may be subject to the risks and uncertainties associated with the evolving laws and regulations in mainland China, their interpretation and implementation, and the legal and regulatory system in mainland China more generally, including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice.” There also can be no assurance that the PRC government will not intervene or impose restrictions on our ability to transfer or distribute cash within our organization, which could result in an inability or prohibition on making transfers or distributions to entities outside of Hong Kong and adversely affect our business.

The PRC legal system is evolving rapidly and the PRC laws, regulations, and rules may change quickly with little or no advance notice. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the non-precedential nature of these decisions, the interpretation of these laws, rules and regulations may contain inconsistencies, the enforcement of which involves uncertainties.

If we were to become subject to the direct intervention or influence of the mainland Chinese government at any time due to changes in laws or other unforeseeable reasons, it may require a material change in our operations and/or result in increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. In addition, the market prices and value of our securities could be adversely affected as a result of anticipated negative impacts of any such government actions, as well as negative investor sentiment towards Hong Kong-based companies subject to direct mainland Chinese government oversight and regulation, regardless of our actual operating performance. There can be no assurance that the mainland Chinese government will not intervene in or influence our current or future operations at any time.

The PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted in the U.S. or in other international jurisdictions and/or foreign investment in China-based issuers. Based on the advice of our PRC legal counsel, DaHui Lawyers, we believe that we are currently not required to

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obtain any permission or approval from the CSRC, CAC or any other PRC governmental authority to operate our business or to list our securities on a U.S. securities exchange or issue securities to foreign investors.

With respect to the issuance of securities to foreign investors, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (“M&A Rules”) include, among other things, provisions that purport to require any offshore special purpose vehicle that is controlled by PRC companies or individuals and formed for the purpose of seeking a public listing on an overseas stock exchange through acquisition of PRC domestic companies to obtain the approval of the CSRC prior to the listing and trading of its securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures specifying documents and materials required to be submitted to it by any such special purpose vehicle seeking CSRC’s approval of overseas listings. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules and the CSRC approval requirement to offshore special purpose vehicles.

The revised Measures for Cybersecurity Review, or Review Measures, came into effect on February 15, 2022. The Review Measures stipulate that cybersecurity review is mandatory where a network platform operator that has personal information of more than one million users seeks to list overseas. As advised by our PRC legal counsel, DaHui Lawyers, the offering of our securities is not subject to the foregoing cybersecurity review. That said, the Review Measures provide CAC and relevant authorities certain discretion to initiate cybersecurity review where any network product or service or any data handling activity is considered to affect or may affect national security, which may lead to uncertainties in relation to the impact of the Review Measures impact on our operations or the offering of our securities. As of the date of this prospectus, there are no commensurate laws or regulations in Hong Kong which result in similar significant oversight over data security for companies seeking to offer securities on a foreign exchange. However, we cannot guarantee that, if, in the future, such laws or regulations were issued in Hong Kong, we would be compliant with such laws or regulations in a timely manner or at all. In addition, we may have to spend significant time and costs to become compliant. If we are unable to do so, on commercially reasonable terms, in a timely manner or otherwise, we may become subject to sanctions imposed by the relevant regulatory authorities, and our ability to conduct our business, or offer securities on a U.S. or other international securities exchange may be restricted. As a result of the foregoing, our business, reputation, financial condition, and results of operations may be materially and adversely affected.

Further, on July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law (“Opinions”). These Opinions have laid the groundwork for strengthening the Chinese government’s monitoring of illegal securities activities in China and the supervision of overseas listings by China-based companies. The Opinions generally provide that existing laws and regulations regarding data security, cross-border data transmission, and the protection of classified information should be further supplemented, and that the PRC government will seek to deepen its cross-border audit supervision cooperation with the regulatory bodies in other countries in law-based and reciprocal manner. On February 17, 2023, CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (collectively, “New Overseas Listing Rules”), which have come into effect on March 31, 2023. New Overseas Listing Rules stipulate filing requirements for foreign direct or indirect issuance and listing of securities by domestic companies. As advised by our PRC legal counsel, DaHui Lawyers, the offering of our securities is not subject to the New Overseas Listing Rules or filing requirements.

Based on their understanding of the current PRC laws and regulations, our PRC legal counsel, DaHui Lawyers, has advised that we are not required to obtain any prior permission under the M&A Rules or the Opinions from any PRC governmental authorities (including the CSRC) for consummating this offering, given that: (a) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours are subject to the M&A Rules; and (b) we are not controlled by PRC companies or individuals nor formed for the purpose of seeking a public listing on an overseas stock exchange through acquisition of PRC domestic companies. In addition, our PRC legal counsel, DaHui Lawyers, has advised that the offering of our securities is neither subject to the mandatory cybersecurity review under the Review Measures nor the filing requirements under New Overseas Listing Rules.

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However, there is no guarantee that this will continue to be the case in relation to the continued listing of our securities on a securities exchange outside of China, or even if such permission is required and obtained, it will not be subsequently denied or rescinded. Any actions by the Chinese government to exert more oversight and control over offerings that are conducted in the U.S. or in other international jurisdictions (including those by issuers whose primary operations are in Hong Kong) and/or foreign investments in Hong Kong-based issuers could 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 or be worthless.

***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



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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 this 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:

- 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;
- disruption to ACT Genomics' business and operations and relationships with service providers and/or other third parties;
- 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;
- failure to successfully realize our intended business strategy;
- increase in the operating losses that we expect to incur in future periods;

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- diversion of management time and focus from operating our business to addressing ACT Acquisition integration challenges;
- diversion of significant resources from the ongoing development of our existing products, services, and operations;
- regulatory complexities of integrating or managing the combined operations or expanding into other industries or parts of the healthcare industry;
- regulatory developments or enforcement trends focusing on corporate practice of medicine;
- greater than anticipated costs related to the integration of ACT Genomics' business and operations into ours;
- increase in compliance and related costs associated with the addition of a regulated business;
- 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
- 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.

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:

- expenses related to the acquisition process and impairment charges to goodwill and other intangible assets related to the ACT Acquisition;
- the dilutive effect on earnings per share as a result of issuances of our ordinary share and incurring operating losses;
- stock volatility due to investors' uncertainty regarding the value of ACT Genomics;
- diversion of capital from other uses;

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- failure to achieve the anticipated benefits of the ACT Acquisition in a timely manner, or at all; and
- 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

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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.

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,

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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 DPA 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:

- design, development and manufacturing;

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- testing, labeling, including directions for use, processes, controls, quality assurance, packaging, storage, distribution, installation and servicing;
- clinical trials and validation studies;
- registration and listing;
- marketing, sales and distribution;
- recordkeeping procedures;
- advertising and promotion;
- pre-market authorization;
- corrections, removals and recalls;
- 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
- 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, any material deficiencies or defects in design or manufacture that could affect patient safety or quality issues 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:

- political, social and/or economic instability;
- risks related to governmental regulations in foreign jurisdictions and unexpected changes in regulatory requirements and enforcement;

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- fluctuations in currency exchange rates;
- higher levels of credit risk and payment fraud;
- burdens of complying with a variety of foreign laws;
- complexities and difficulties in obtaining intellectual property protection and reduced protection for intellectual property rights in some countries;
- difficulties in staffing and managing global operations and the increased travel, infrastructure and legal compliance costs associated with multiple international locations and subsidiaries;
- management of tax consequences and compliance; and
- 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.

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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.

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

***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.***

The Selling Securityholders can resell, under this prospectus, up to (a) 67,949,696 Class A Ordinary Shares constituting (on a post-exercise basis) approximately 49.6% of our issued and outstanding Class A Ordinary Shares as of April 18, 2023 (assuming and after giving effect to the issuance of shares upon the exercise of all outstanding Warrants) and (b) 6,041,007 Warrants constituting approximately 34.8% of our issued and outstanding Warrants as of April 18, 2023. Sales of a substantial number of Class A Ordinary Shares and/or Warrants by the Selling Securityholders and/or by our existing securityholders, or the perception that those sales might occur, could depress the market 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. See also “— 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.”

This prospectus relates to, among other things, the resale from time to time by the Selling Securityholders of up to (A) 60,156,798 Class A Ordinary Shares, which includes (i) 6,913,200 Class A Ordinary Shares issued in the PIPE Investment at an effective price of \$7.75 per share (assuming no value is assigned to the Artisan Private Warrants issued to the Forward Purchase Investors referred to in clause (B)), pursuant to the Amended PIPE Subscription Agreements, (ii) 7,740,000 Class A Ordinary Shares issued to the Forward Purchase Investors at an effective price of \$7.75 per share, pursuant to the Amended Forward Purchase Agreements and the Deeds of Amendment to Deed of Novation and Amendment, (iii) 6,933,558 Class A Ordinary Shares issued to the Sponsor pursuant to the Initial Merger, which shares were exchanged from the Artisan Public Shares which were issued upon conversion of the Founder Shares originally issued as set forth in the immediately following paragraph, (iv) 100,000 Class A Ordinary Shares issued to certain Artisan directors pursuant to the Initial Merger, which shares were exchanged from the Artisan Public Shares which were issued upon conversion of the Founder Shares originally issued as set forth in the immediately following paragraph, (v) 9,713,864 Class A Ordinary Shares issuable upon the conversion of 9,713,864 Class B Ordinary Shares issued to Da Yeung Limited pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares and Series A preferred shares of Prenetics originally issued by Prenetics at a weighted average effective price of \$0.04 per share, as adjusted for the Exchange Ratio, (vi) 1,881,844 Class A Ordinary Shares issued to Avrom Boris Lasarow pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at an effective price of \$1.60 per share, as adjusted for the Exchange Ratio, (vii) 3,840,716 Class A Ordinary Shares issued to For Excelsiors Limited pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at a weighted average effective price of \$0.03 per share, as adjusted for the Exchange Ratio, (viii) 12,660,138 Class A Ordinary Shares issued to Prudential Hong Kong Limited pursuant to the Acquisition Merger, which shares were exchanged from Series C preferred shares of Prenetics originally issued by Prenetics at an effective price of \$1.60 per share, as adjusted for the Exchange Ratio, (ix) 9,206,785 Class A Ordinary Shares issued to Genetel Bioventures Limited pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at a weighted average effective price of \$0.07 per share, as adjusted for the Exchange Ratio, (x) 789,282 Class A Ordinary Shares issued to Cui Zhanfeng pursuant to the Acquisition Merger, which shares were exchanged from ordinary shares of Prenetics originally issued by Prenetics at a weighted average effective price of \$2.25 per share, as adjusted for the Exchange Ratio, and (xi) 377,411 Class A Ordinary Shares issued to Lucky Rider Investments Limited pursuant to the Acquisition Merger, which shares were exchanged from Series D preferred shares of Prenetics originally issued by Prenetics at an effective price of \$2.25 per share, as adjusted for the Exchange Ratio; (B) 6,041,007 Warrants issued to the Sponsor and the Forward Purchase Investors pursuant to the Initial Merger, which were exchanged from Artisan Private Warrants originally issued to the Sponsor at a purchase price of \$1.50 and to the Forward Purchase Investors (together with the issuance of Class A Ordinary Shares) pursuant to the Amended Forward Purchase Agreements and the Deeds of Amendment

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to Deed of Novation and Amendment; and (C) up to 7,792,898 Class A Ordinary Shares issuable upon exercises of the Private Warrants.

Prior to the consummation of Artisan's IPO, the Sponsor purchased 8,625,000 Founder Shares for an aggregate purchase price of \$25,000, or approximately \$0.003 per share. Artisan subsequently effected a share recapitalization and issued an additional 1,500,000 Founder Shares to the Sponsor for no consideration. The Sponsor subsequently transferred an aggregate of 100,000 Founder Shares to certain Artisan Directors for no consideration and an aggregate of 750,000 Founder Shares to the Forward Purchase Investors pursuant to the Forward Purchase Agreements, and forfeited 141,442 Founder Shares as the over-allotment option of the underwriters of Artisan's IPO was not exercised in full, resulting in the Sponsor owning 9,133,558 Founder Shares. Pursuant to the Sponsor Agreement and the Initial Merger, all 9,133,558 Founder Shares were converted into Artisan Public Shares which were then exchanged for an aggregate of 6,933,558 Class A Ordinary Shares upon the closing of the Initial Merger. This resulted in an effective price of approximately \$0.004 per share for each of the shares received by the Sponsor pursuant to the Initial Merger and being registered for resale by the Sponsor (or its transferees) pursuant to this registration statement.

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. Based on the closing prices of our Class A Ordinary Shares and Warrants as of July 3, 2023, (i) the Selling Securityholders that were formerly securityholders of Prenetics may experience profit ranging from \$0.00 to \$0.87 per share, (ii) the Sponsor (or its transferees) may experience profit of up to \$0.90 per share, or up to approximately \$6.24 million in the aggregate, and (iii) the Artisan Directors may experience profit of up to \$0.90 per share, or up to approximately \$90,000 in the aggregate.

***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. See also "— A provision in the Existing Warrant Agreement may result in additional dilution to our shareholders." 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 July 3, 2023, the closing price of our Class A Ordinary Shares was \$0.90 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.

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***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.***

Pursuant to our Shareholder Support Agreements and the Sponsor Support Agreement, the Sponsor and certain of our shareholders are restricted, subject to certain exceptions, from selling any of our ordinary shares that they receive as a result of the share exchange in the Business Combination. As certain restrictions have recently expired or will expire, additional ordinary shares are eligible for resale as follows:

- On November 14, 2022, which was 180 days after the consummation of the Business Combination, up to 71,804,039 ordinary shares held by certain of our shareholders;
- On November 18, 2022, which was 6 months after the consummation of the Business Combination, up to 8,323,711 ordinary shares held by Danny Yeung and Sponsor; and
- 12 months after the consummation of the Business Combination, up to 8,323,711 ordinary shares held by Danny Yeung and Sponsor.

Subject to our Shareholder Support Agreements and the Shareholder Support Agreement Joinder, certain of our shareholders party thereto may sell our ordinary shares pursuant to Rule 144 under the Securities Act, if available. In these cases, the resales must meet the criteria and conform to the requirements of that rule, including the rules that apply because we were once a shell company.

Upon expiration or waiver of the applicable lock-up periods, and upon effectiveness of this registration statement, which we filed pursuant to the Registration Rights Agreement, PIPE Subscription Agreements, the Forward Purchase Agreements or upon satisfaction of the requirements of Rule 144 under the Securities Act, 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. See “Shares Eligible for Future Sale — Rule 144.”

***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.***

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.

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:

- changes in the sectors in which we operate;

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- changes in its projected operating and financial results;
- changes in laws and regulations affecting our business;
- ability to continue to innovate and bring products to market in a timely manner;
- changes in our senior management team, our board of directors or key personnel;
- our involvement in litigation or investigations;
- the anticipation of release of remaining lock-up restrictions;
- negative publicity about us or our products;
- the volume of Class A Ordinary Shares and Warrants available for public sale;
- announcements of significant business developments, acquisitions, or new offerings;
- general economic, political, regulatory, industry, and market conditions; and
- natural disasters or major catastrophic events.

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.

***The warrant agreement (the "Warrant Agreement") governing the Warrants designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of the Warrants, which could limit the ability of Warrant holders to obtain a favorable judicial forum for disputes with us in connection with such Warrants.***

The Warrant Agreement provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) we irrevocably submits to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We have waived any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, these provisions of the Warrant Agreement do not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any Warrants under the Warrant Agreement shall be deemed to have notice of and to have consented to the forum provisions of the Warrant Agreement. If any action, the subject matter of which is within the scope of the forum provisions of the Warrant Agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a "foreign action") in the name of any holder of the warrants, such holder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an "enforcement action"), and (y) having service of process made upon such holder in any such enforcement action by service upon such warrant holder's counsel in the foreign action as agent for such holder.

The choice-of-forum provision limits a Warrant holder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us, which may discourage such lawsuits. Alternatively, if a court were to find this provision of the Warrant Agreement inapplicable or unenforceable with respect to one or more of the

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specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

### ***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 prospectus 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.

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***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,

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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.

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



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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.” We are not required to and will not voluntarily meet this requirement.

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 what 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.

***You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations, and a majority of our directors and executive officers reside, outside of the United States.***

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands and we conduct a majority of our operations through our subsidiaries outside the United States. Substantially all of our assets are located outside the United States. A majority of our officers and directors reside outside the United States and reside in Hong Kong, and a substantial portion of the assets of those persons are located outside of the United States. None of our officers or directors reside in mainland China. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or officers who reside in Hong Kong or outside the United States, to bring original actions in Hong Kong or outside the United States based on the securities laws of the United States against our directors or officers who reside in Hong Kong or outside the United States, or to enforce judgments obtained in the United States courts against our directors or officers in Hong Kong or outside the United States.

Our corporate affairs are governed by our amended and restated memorandum and articles of association (“Amended Articles”), the Cayman Islands Companies Act and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial



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precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are different from what they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws than the United States and some U.S. states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

The Grand Court of the Cayman Islands may not (i) recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state of the United States; and (ii) in original actions brought in the Cayman Islands, impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state of the United States, so far as the liabilities imposed by those provisions are penal in nature. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, a final and conclusive foreign judgment obtained against us will be recognized by the Grand Court as a cause of action for a debt and may be sued upon without reexamination of the issues if: (a) the foreign court had jurisdiction in the matter; (b) we either submitted to the jurisdiction of the foreign court or were resident and carrying on business in the jurisdiction and were duly served with process; (c) the judgment was not obtained by fraud; (d) the judgment was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations imposed on us; (e) recognition or enforcement of the judgment in the Cayman Islands would not be contrary to public policy; and (f) the proceedings under which the judgment was obtained were not contrary to the principles of natural justice. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, the register of mortgages and charges, any special resolutions passed by shareholders and a list of the names of the current directors) or to obtain copies of lists of shareholders of these companies. Pursuant to the Amended Articles, our directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or articles the accounts and books of us or any of them shall be open to the inspection of our shareholders not being directors, and none of our shareholders (not being a director) shall have any right of inspection of any account or book or document of us except as conferred by law or authorized by the directors or by ordinary resolution of our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. As a foreign private issuer whose securities are listed on the NASDAQ, we are permitted to follow certain home country corporate governance practices in lieu of the requirements of the NASDAQ Rules pursuant to NASDAQ Rule 5615(a)(3), which provides for such exemption to compliance with the NASDAQ Rule 5600 Series. To the extent we choose to follow home country practice with respect to corporate governance matters, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers listed on the NASDAQ.

As a result of all of the above, our shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

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### ***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 our board of directors. 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.

### ***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.

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.

### ***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,

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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.

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If we are a PFIC for any taxable year during which a U.S. Holder (as defined in the section entitled “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 the section entitled “Taxation — U.S. Federal Income Tax Considerations to U.S. Holders — Passive Foreign Investment Company Status.”

**CAPITALIZATION AND INDEBTEDNESS**

The following table sets forth our total capitalization, on an actual basis as of December 31, 2022. The information in this table should be read in conjunction with the financial statements and notes thereto and other financial information included in this prospectus, any prospectus supplement or incorporated by reference in this prospectus. Our historical results do not necessarily indicate our expected results for any future periods.

	<u>As of December 31, 2022</u>
	<u>Actual</u>
	<i>(\$ in thousands)</i>
<b>Cash and cash equivalents</b>	<b>\$ 146,660</b>
<b>Total equity:</b>	<b>243,463</b>
<b>Total capitalization</b>	<b>243,463</b>

## SELECTED HISTORICAL FINANCIAL DATA

The following tables present our selected consolidated financial and other data. The selected consolidated statements of profit or loss and other comprehensive income data for the years ended December 31, 2022, 2021 and 2020 and consolidated statements of financial position data as of December 31, 2022 and 2021 have been derived from our audited consolidated financial statements included elsewhere in this prospectus.

The financial data set forth below should be read in conjunction with, and is qualified by reference to, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and the consolidated financial statements and notes thereto included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with IFRS. The historical results included below and elsewhere in this prospectus are not indicative of our future performance.

	For the Years Ended December 31,		
	2022	2021	2020
<b>Selected Statement of Profit or Loss and Other Comprehensive Income Data:</b>			
<b>Revenue</b>	<b>\$ 275,761,298</b>	<b>\$ 275,852,753</b>	<b>\$ 65,179,515</b>
Restructuring costs in relation to diagnostic business	(30,378,741)	—	—
Operating expenses	(268,685,745)	(286,070,281)	(66,174,641)
<b>Loss from operations</b>	<b>(23,303,188)</b>	<b>(10,217,528)</b>	<b>(995,126)</b>
Fair value loss on financial assets at fair value through profit or loss	(9,363,495)	(94,000)	—
Share-based payment on listing	(89,546,601)	—	—
Fair value loss on convertible securities	—	(29,054,669)	(2,846,750)
Fair value loss on preference shares liabilities	(60,091,353)	(125,398,798)	—
Fair value gain on warrant liabilities	3,196,538	—	—
Write-off on amount due from a shareholder	—	(106,179)	—
Gain on bargain purchase	—	117,238	—
Loss on disposal of a subsidiary	—	(292,132)	—
Other finance costs	(4,198,184)	(5,238,030)	(59,567)
<b>Loss before taxation</b>	<b>(183,306,283)</b>	<b>(170,284,098)</b>	<b>(3,901,443)</b>
Income tax (expense)/credit	(7,147,104)	(3,732,744)	1,937,558
<b>Loss for the year</b>	<b>(190,453,387)</b>	<b>(174,016,842)</b>	<b>(1,963,885)</b>
Loss attributable to:			
Equity shareholders of Prenetics	(190,453,333)	(174,009,273)	(1,939,689)
Non-controlling interests	(54)	(7,569)	(24,196)
<b>Loss for the year</b>	<b>(190,453,387)</b>	<b>(174,016,842)</b>	<b>(1,963,885)</b>
Weighted average number of ordinary shares for the purpose of basic loss per share	76,039,727	14,596,997	13,176,752
Weighted average number of ordinary shares for the purpose of diluted loss per share	76,039,727	14,596,997	13,176,752
Basic loss per share	\$ (2.50)	\$ (11.92)	\$ (0.15)
Diluted loss per share	(2.50)	(11.92)	(0.15)

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	As of December 31,	
	2022	2021
<b>Selected Statement of Financial Position Data:</b>		
<b>Assets</b>		
Non-current assets	\$ 70,320,914	\$ 41,614,789
Current assets	241,810,317	106,892,532
Total assets	312,131,231	148,507,321
<b>Liabilities</b>		
Preferred shares classified as non-current liabilities	—	486,404,770
Other non-current liabilities	11,473,256	4,259,730
Current liabilities	57,195,115	58,737,734
Total liabilities	68,668,371	549,402,234
<b>Equity</b>		
Total equity/(equity deficiency) attributable to equity shareholders of Prenetics	237,064,127	(400,809,938)
Non-controlling interests	6,398,733	(84,975)
Total equity/(equity deficiency)	243,462,860	(400,894,913)
Total equity and liabilities	312,131,231	148,507,321

## USE OF PROCEEDS

All of the Class A Ordinary Shares or the Warrants offered by the Selling Securityholders pursuant to this prospectus will be sold by the Selling Securityholders for their respective accounts. We will not receive any of the proceeds from such sales. We will pay certain expenses associated with the registration of the securities covered by this prospectus, as described in the section titled “Plan of Distribution.”

We will receive proceeds from the exercise of the Warrants for cash, if any. 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 July 3, 2023, the closing price of our Class A Ordinary Shares was \$0.90 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.



## **DIVIDEND POLICY**

We have never declared or paid any cash dividend on our Class A Ordinary Shares. 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.

## BUSINESS

### Our Mission

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. We believe in prevention as the key to longevity and aim to empower individuals with personalized, accessible healthcare experiences. By striving for world-class excellence in research, development and real-world applications, we aim to foster hope and build a healthier future for generations to come.

### Overview

We are a leading 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. 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, providing a more complete picture of a patient's health status. For example, if a customer has a mutation associated with an increased risk of cancer, our early detection for cancer testing can help identify potential cancer risks early on, while our targeted therapy testing can provide personalized treatment options based on the patient's genetic profile. The integration of these services can lead to earlier detection of cancer, more personalized treatment plans and better health outcomes for patients.

Our strategy of integrating early detection for cancer, targeted therapy and direct-to-consumer genetic testing into one company 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.

Overall, our integrated approach to genomic testing allows us to provide a comprehensive approach to managing a patient's health, benefiting both the patient and the company. In addition, 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 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.

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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 Prof. Pasi Jänne, a globally renowned translational thoracic medical oncologist at the Dana Farber Cancer Institute and professor of medicine at Harvard Medical School, Prof. 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 History***

We were founded in 2014 and headquartered in Hong Kong. Since our inception, we have grown from a small Hong Kong genetic testing laboratory to a leading genomics and precision oncology company with product offerings that include targeted cancer treatment and monitoring, early colorectal cancer screening and consumer genetics and at-home diagnostic testing. 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.

## Our Strengths and Strategy

Our goal is to be the leading provider of consumer genetic testing and precision oncology in Asia and EMEA. To achieve this, we intend to utilize our competitive strengths to:

- **Pursue Growth via Strategic Acquisitions.** We have a strong capability and a proven track record in transforming acquired technologies into commercial products and healthcare services that appeal to customers and effectively address their needs, as evidenced by our success in the acquisition of DNAFit to launch into consumer genetic testing in the U.K. and our acquisition of Oxsed to provide rapid testing for COVID-19 during the pandemic. We believe the deployment of a structured and thoughtful process toward selecting the right acquisition targets with the best technological fit and cultural chemistry is an important aspect of our growth strategy and intend to seek bolt-on opportunities that provide the right platform or advanced technology to build upon our medical and cancer diagnostic testing and clinical health business, and to further expand our geographic footprint. Our recent acquisition of ACT Genomics, which is a leading Southeast Asia based cancer genomic profiling test company, is a strategic step to achieving our goal for precision oncology.
- **Leverage Resources to Build a Robust Product Portfolio and Pipeline Products Developed Based on Advanced Technologies.** We have specialized in-house resources in R&D and product innovation, a wealth of insights on customers, market trends and development, and a strong scientific advisory board to guide our development of a robust product portfolio for precision oncology. Our product development effort is spearheaded by R&D teams, led by experienced scientists with doctoral or medical doctor qualifications and significant domain expertise. Many of them have also had significant academic accomplishments in genomics, diagnostics or related fields and some of them bring vast experience accumulated from their prior roles with other prominent healthcare companies. Through our success in CircleDNA and COVID-19 testing, we also have a wealth of valuable customer insight and an in-depth understanding of market trends and developments, and have marketed our products effectively utilizing promotional channels, including celebrity and KOL endorsements and social media campaigns. We have also assembled a strong scientific advisory board with a diverse group of highly respected experts in oncology and genomics to guide the further development of our precision oncology product portfolio. Members of the board include Prof. Tony Mok, Prof. Pasi Janne, Prof. Pan-Chyr Yang, Dr. Hua-Chien Chen, Dr. Frank Ong and Dr. Lawrence Tzang. We are led by a strong senior management team with diversified and complementary skill sets and expertise in technology, biotech, healthcare and consumer to support our transformational growth.
- **Building and Capitalizing on Trusted Brand to Further Commercialize Technologies and Products.** We were among the first movers in Asia and Europe, Middle East and Africa (“EMEA”) to introduce consumer genetic testing products, which enabled us to build an established presence, accumulate experience and achieve prominent brand recognition. Our brand and reputation gained further recognition during the COVID-19 global pandemic among consumers, business and medical communities in the markets we serve. In addition, we have obtained valuable customer insight and developed close collaborations with business organizations, medical communities, and industry leading institutional customers. The technologies we use are protected by a combination of intellectual property rights, including exclusive licenses and collaboration arrangements, which help ensure our products remain differentiated from those of our peers, thereby creating clear entry barriers. We have and intend to continue to license and groundbreaking technologies and products, like ColoClear, and develop our own products like CircleDNA, and commercialize them in Asia and EMEA. We believe we are positioned strongly to replicate our U.S. peer companies’ success stories in our target geographies with comparable products.
- **Continuing Geographic Expansion.** We seek to capitalize on our strong brand recognition and expand our presence in Asia and EMEA. We believe the Asia and EMEA markets exhibit substantial opportunities for growth given the substantial total market size, rising middle-class income, especially in Southeast Asia, and the increasing public awareness of preventive healthcare. Further, we aim to

maximize our first-mover advantage and replicate our U.S. peers' success stories in these markets when rolling out our products.

- **Maximizing Collaborations with Research Partners and Other Experts with Relevant Subject Matter Expertise.** We believe our collaboration with scientists, scholars, and professors enables us to steadily improve the features of our existing products with better rates of clinical success. We have a strong scientific advisory board consisting of global experts in precision oncology and genomics, and intend to continue actively engaging collaboration and research partners like New Horizon Health and Oxford alongside our in-house experts to advance the development of our new products.
- **Further Strengthening Our Talent Pool.** We adopt an entrepreneurially inspired and scientifically rigorous approach to our daily operations. We believe that smart, team-spirited, customer-first and scientifically driven people set us apart from our peers and form the base of our culture. Therefore, we intend to continue to expand our team and advance our mission by attracting the best talent in their respective fields.

### **Our Vision of the Future of Healthcare**

We believe conventional healthcare is not the optimal solution to the maintenance of people's health and well-being because it focuses on treating people who are already sick. In particular, the conventional healthcare system comes with several pain points that inherently make it less effective and should be addressed. These pain points of the conventional healthcare system include:

- **Centralized Diagnostics and Care.** Healthcare today is primarily administered in designated physical locations such as hospitals, clinics and diagnostic centers. The inconvenience of travel and time-consuming visits discourage frequent diagnostics and also deny access to many people in need. A centralized laboratory testing system and the lack of affordable or accessible point-of-care diagnostics solutions with real-time results also impede the development of the healthcare system toward decentralization and digitalization.
- **Reactive "Sick-care" as Healthcare Dilemma.** The conventional healthcare system focuses on treating patients rather than preventing diseases. Patients, in particular, those with late-stage diseases, require significantly more resources for treatments than those with diseases diagnosed at an earlier stage. As a result, healthcare resource allocation is further shifted to treatment of patients and away from disease prevention.

We expect that with rapid technological advancement, the healthcare system would evolve to address these pain points. We envisage a future healthcare system where delivery of healthcare will be improved in the following ways:

- **Incorporating genomics into a hybrid model of centralized and decentralized diagnostics to create a more comprehensive and efficient healthcare system.** Patients may receive personalized and targeted services at different points of their care journey, including the following:
  - Localized Genomic Services:
    - local hospitals, clinics, and laboratories will be equipped with genomic testing capabilities, such as next-generation sequencing and genotyping technologies
    - healthcare professionals will be trained in the interpretation and application of genomic data for diagnostics, risk assessment and treatment recommendations
    - point-of-care genomic testing devices for rapid, on-site assessments of genetic health risks and targeted therapies will be implemented
  - Telemedicine and Mobile Health ("mHealth") Integration:
    - genomic data and risk assessments will be integrated into telemedicine consultations, enabling healthcare providers to offer personalized recommendations remotely

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- mHealth applications that incorporate genomic data will be developed, allowing patients to manage their genetic health risks and receive tailored prevention plans
- wearable devices and internet of things will be used to monitor patients' health and detect potential issues related to their genetic risk factors, alerting healthcare providers for timely intervention
- Centralized Genomic Specialized Services:
  - specialized genomic centers for advanced diagnostics will be established, providing complex risk assessments, and developing targeted therapies
  - referral systems for patients requiring specialized genomic services will be created, streamlining communication between local and centralized healthcare providers
  - telemedicine and remote consultation services will be utilized to facilitate collaboration between local healthcare providers and genomic specialists at centralized facilities
- Health Information Network and Genomic Data Sharing:
  - genomic data will be integrated into Electronic Health Records and Health Information Exchanges, ensuring seamless sharing and access to this information among healthcare providers
  - standardized formats and protocols for genomic data storage and sharing will be developed to enable efficient communication and collaboration across healthcare facilities
  - strict data privacy and security measures will be implemented to protect patients' sensitive genetic information

By integrating genomics into a hybrid model of centralized and decentralized diagnostics, healthcare providers can offer more targeted and personalized care. This approach would help identify and address potential health issues early, leading to improved patient outcomes and a more proactive healthcare system.

- **Genomics-Driven Preventive Healthcare.** Integrating genomics into healthcare can shift the focus from reactive “sick-care” to proactive and preventive care. By leveraging early detection with targeted therapy, and genetic health risk assessments, the healthcare system can better identify and address potential health issues before they become severe.
  - Early Detection through Genomic Screening:
    - Implement regular genomic screening programs to identify disease-causing genetic variants or markers associated with specific conditions
    - Promote regular genomic testing for individuals with a family history of genetic disorders or other risk factors
  - Targeted Therapy and Personalized Medicine:
    - Utilize genomic data to develop targeted therapies tailored to an individual's genetic makeup, maximizing treatment efficacy and minimizing adverse effects
    - Foster research and development in precision medicine, identifying novel drug targets and designing therapies based on patients' unique genetic profiles
    - Enhance clinical decision-making by incorporating genomic data into treatment recommendations and guidelines
  - Genetic Health Risk Assessments and Counseling:
    - Offer genetic health risk assessments to identify individuals at increased risk for specific conditions, such as cancer, cardiovascular disease or neurodegenerative disorders

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- Provide genetic counseling to help patients understand their risk factors and make informed decisions about prevention, lifestyle changes and treatment options
- Develop personalized prevention plans based on genetic risk factors, promoting lifestyle modifications and early interventions to reduce disease risk
- Public Health and Education Initiatives:
  - Invest in public health programs that raise awareness about the role of genomics in disease prevention and early detection
  - Implement educational initiatives to inform healthcare professionals and the general public about the benefits and limitations of genomic testing and personalized medicine
  - Encourage collaboration among genomics researchers, healthcare providers and policy-makers to ensure the integration of genomics into healthcare practices

By incorporating genomics-driven approaches into healthcare, the system can become more proactive, focusing on prevention and early intervention rather than solely treating diseases. This would result in improved patient outcomes, reduced healthcare costs and a healthier population overall.

With our product suite and future pipeline, we believe we are well-positioned to play a leading role in both integrating genomics into a hybrid model of centralized and decentralized diagnostics, and also genomics-driven preventive healthcare.

### **Our Market Opportunity**

We believe there are significant opportunities in precision oncology and consumer health in Asia and EMEA.

Despite the significant advances in treatments for cancer over the last century, cancer remains a major challenge for modern medicine with significant unmet medical needs. Based on our internal research and analysis, global incidence of cancer increased from 16.8 million cases in 2015 to 18.5 million cases in 2019, and is estimated to reach 28.9 million cases in 2040.

In the United States, the five-year relative survival rate for all cancers combined has been gradually improving over the years. According to the American Cancer Society, the five-year relative survival rate for all cancers combined was around 68% for patients diagnosed between 2010 and 2016. This improvement is mainly attributed to advancements in early detection, treatment and cancer management. In China, the 5-year survival rates for cancer have been lower compared to that in the United States. According to a study published in *The Lancet* in 2018, the age-standardized five-year relative survival rate for all cancers combined in China was around 40.5% for patients diagnosed between 2012 and 2015. The lower survival rates in China may be due to various factors such as limited access to healthcare, late-stage diagnosis, and differences in cancer types and stages. Based on such data, we believe there is a significant opportunity in mainland China and Asia for early detection of cancer, ultimately leading to saving lives.

The demand for advancements in cancer diagnostics and treatment is driven by several factors across four primary categories which we operate, i.e., (i) cancer screening and early detection, (ii) cancer recurrence monitoring, (iii) targeted therapy for cancer and (iv) direct-to-consumer genetic testing. Each of these areas has experienced a significant growth due to various driving forces, which have led to an increased interest, research and adoption of new technologies and approaches.

- **Cancer Screening and Early Detection:** The demand for cancer screening and early detection is primarily driven by the rising cancer incidence and an aging global population, both of which contribute to an increased risk of developing cancer. Technological advancements have improved the

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accuracy, efficiency and cost-effectiveness of screening and diagnostic tools, making them more accessible to healthcare providers and patients. Additionally, an increased public awareness of the importance of early cancer detection and government initiatives promoting screening programs have contributed to the growing demand for these services. Based on our internal research and analysis, we estimate the market opportunity for this to be more than US\$50 billion.

- **Cancer Recurrence Monitoring:** The need for cancer recurrence monitoring is growing due to the increasing number of cancer survivors, who require regular monitoring to manage their long-term health and improve their quality of life. Advances in technology have made recurrence monitoring more accurate and efficient, increasing its appeal to healthcare providers and patients. The growing focus on personalized medicine also drives the demand for tailored monitoring solutions, as cancer recurrence patterns may vary among individuals. Based on our internal research and analysis, we estimate the market opportunity for this to be more than US\$20 billion.
- **Targeted Therapy for Cancer:** The demand for targeted cancer therapies is fueled by the growing emphasis on personalized medicine, as it becomes increasingly clear that each patient's cancer may respond differently to treatments. Ongoing research and development efforts in the field of oncology continue to identify new biomarkers and develop novel targeted therapies, further driving demand in this area. Regulatory approvals and insurance coverage for targeted therapies also contribute to their increased adoption. Based on our internal research and analysis, we estimate the market opportunity for this to be more than US\$10 billion.
- **Direct-to-Consumer Genetic Testing:** The expanding direct-to-consumer genetic testing market is driven by technological advancements that make genetic testing more accessible and affordable. This, in turn, allows individuals to access information about their genetic health risks more easily, prompting increased demand for these services. Public awareness of the potential benefits of genetic testing and ongoing research in genomics uncovering new insights into genetic health risks further contribute to the growth of the direct-to-consumer genetic testing market. Based on our internal research and analysis, we estimate the market opportunity for this to be more than US\$1.4 billion.

### 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



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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 sensitivity<sup>1</sup> was 95.5%, with specificity<sup>2</sup> 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.<sup>3</sup>

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

<sup>2</sup> 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.

<sup>3</sup> Market size data excludes the colonoscopy market.

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**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.

**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:

a) 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.

b) 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.

c) 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.

## **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

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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.

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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.
- **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

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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

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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 “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.

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- **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.
- **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.

### **Our Commitment to Protect Privacy and Personal Data**

We recognize the sensitive nature of genetic information and the trust our customers place in us when they choose our direct-to-consumer and clinical genomic testing services. As such, we are firmly committed to safeguarding the privacy of our customers and protecting their data with the utmost care and diligence.

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In order to ensure the highest levels of security for our customers' data, we adhere to the stringent standards set forth by ISO 27001. This internationally recognized information security management system provides a robust framework for managing and protecting sensitive information assets, and demonstrates our dedication to maintaining the trust and confidence of our customers.

Our comprehensive privacy policy also reflects our strong commitment to safeguarding customer information. We never share any genetic data with third parties without the explicit consent of our customers, thereby ensuring that they maintain control over their personal information and the manner in which it is used. This commitment extends to all aspects of our operations, including data storage, data processing and data analysis.

In addition to our adherence to ISO 27001 and the implementation of a strict privacy policy, we employ security measures to protect our customers' data. These measures include:

- **Data Encryption:** We utilize advanced encryption technologies, both in transit and at rest, to ensure that our customers' genetic data remains secure and protected from unauthorized access or disclosure.
- **Access Controls:** Our systems are designed with strict access controls in place, allowing only authorized personnel to access sensitive customer data. This helps to minimize the risk of unauthorized access or data breaches.
- **Regular Security Audits and Assessments:** We continually monitor and assess our information security practices and systems to identify and address potential vulnerabilities. This includes regular security audits, vulnerability assessments and penetration testing.
- **Employee Training and Awareness:** Our employees undergo comprehensive training on data privacy and security best practices, ensuring that our team is well-equipped to handle sensitive customer information responsibly and securely.
- **Incident Response and Management:** In the unlikely event of a security breach, we have an established incident response plan in place to quickly and effectively address the situation, mitigate potential risks, and communicate transparently with our customers.

In addition, our technology infrastructure allows us to logically segregate access and storage of personally identifiable and genetic data from other business operations related to data processing. Block data, such as pdf report and raw bioinformatic data, is physically segregated from our relational database, where our customers' personally identifiable information is stored. In addition, we logically segregate other data that are stored with our customers' personally identifiable information on the relational database by designing a database schema for authentication and authorization purposes.

By choosing our genomic testing services, customers can be confident that their privacy and data protection are of the highest priority. Our unwavering commitment to privacy and security ensures that our customers can make informed decisions about their health and well-being without compromising the confidentiality of their sensitive genetic information. We continually strive to enhance our security measures and stay ahead of emerging threats, demonstrating our dedication to providing reliable and secure genomic testing services.

## **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;
- 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

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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 "Risk Factors — Risks Relating to Our Business and Industry — The diagnostic testing market is highly

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competitive, and many of our competitors are larger, better established and have greater financial and other resources,” “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 “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.

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 “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

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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 prospectus, 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.

## **Our Team**

We adopt an entrepreneurially inspired and scientifically rigorous approach in our daily operation. We believe that our smart, team-spirited, customer-first and scientifically-driven people set us apart from our peers and form our culture.

The following table sets forth the number of our employees categorized by function and geographic region as of April 28, 2023:

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

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

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.

### **Facilities**

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.

### **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.

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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”).

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.

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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.

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- 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.

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



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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.

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

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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

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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.

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

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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.

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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.

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

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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.

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.

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**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.

**Additional Information**

Our main website is <https://www.prenetics.com/>. Neither the information on our main website, nor the information on the websites of any of our brands and businesses, is incorporated by reference into this prospectus, or into any other filings with, or into any other information furnished or submitted to, the SEC.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*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 prospectus. 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 "Risk Factors" and "Forward-Looking Statements," which you should review for a discussion of some of the factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis and elsewhere in this prospectus.*

### Company Overview

We are a leading 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. By offering a broad range of genomic testing services, we are well-positioned to serve both the consumer health and clinical testing markets.

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 test kits (including DNAFit tests) to consumers as of December 31, 2022. 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.

### Business Segments

We manage our business by divisions, which are organized by a mixture of both business lines and geographical locations. We currently operate in two reporting business segments: Prevention and Diagnostics.

- *Prevention.* We provide genetics testing services to individuals and corporate entities for their employees and customers. Our products and services in this segment include CircleDNA and ColoClear.
- *Diagnostics.* We provide COVID-19 testing services to individuals, corporate clients for their employees or customers, governments for community testing and precision oncology services. Our products and services in this segment include COVID-19 testing services under Project Screen, and Circle SnapShot, an off-the-shelf at-home blood test that was launched in August 2022 and the precision oncology services from ACT Genomics in December 2022.

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The table below sets forth 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	275,761	275,853	65,180

## Region Segments

We geographically categorize our revenue based on the regions in which our revenue-generating subsidiaries are domiciled.

- *Hong Kong*. Our revenue generated from our Hong Kong entities accounted for 54%, 45% and 76% of our total revenue for the years ended December 31, 2020, 2021 and 2022, respectively.
- *United Kingdom*. Our revenue generated from the U.K. entities accounted for 46%, 55% and 24% of our total revenue for the years ended December 31, 2020, 2021 and 2022, respectively.

The table below sets forth 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	275,761	275,853	65,180

## Key Factors Affecting Results of Operations

We believe that our performance and future success depend on many factors that both present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this prospectus titled “Risk 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.

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### ***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.

### ***Growth Through Strategic Acquisitions***

We believe that the opportunities from acquisitions and business combinations can both solidify our market leading position and create heightened barriers to entry, and 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.

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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.

### **Components of Results of Operations**

#### ***Revenue***

We recognize revenue when we provide preventive and diagnostic services to customers at a point in time upon the delivery of the testing results or reports to customers. We receive consideration for both of our genetic testing and diagnostic testing services upfront when we enter into sales contracts relating to these test kits with individual or corporate customers. See “— Critical Accounting Estimates” below for a more detailed discussion of our revenue recognition policy.

- *Prevention.* 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.”
- *Diagnostics.* 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.

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### ***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.

### ***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.

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### ***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,		
	2022	2021	2020
	\$ in thousands		
<b>Revenue</b>	<b>275,761</b>	<b>275,853</b>	<b>65,180</b>
Direct costs	(144,206)	(169,722)	(38,835)
<b>Gross profit</b>	<b>131,555</b>	<b>106,131</b>	<b>26,345</b>
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)
<b>Loss from operations</b>	<b>(23,303)</b>	<b>(10,217)</b>	<b>(995)</b>
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)
<b>Loss before taxation</b>	<b>(183,306)</b>	<b>(170,284)</b>	<b>(3,902)</b>
Income tax (expense)/credit	(7,147)	(3,733)	1,938
<b>Loss for the year</b>	<b>(190,453)</b>	<b>(174,017)</b>	<b>(1,964)</b>
<b>Other comprehensive income for the year</b>	<b>(4,843)</b>	<b>260</b>	<b>1,581</b>
<b>Total comprehensive income for the year</b>	<b>(195,296)</b>	<b>(173,757)</b>	<b>(383)</b>

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

**Revenue**

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

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

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*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.

### ***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.



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### **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 and the costs incurred related to the ACT Acquisition.

### **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.

### **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**

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

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.

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*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.

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### ***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.

### **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.

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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 July 3, 2023, the closing price of our Class A Ordinary Shares was \$0.90 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 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 as of April 18, 2023. 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."

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.

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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 in the section titled "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.

### **Cash Flows**

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

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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.

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 payment for acquisition of ACT Genomics 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 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.

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### **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.

#### **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:

	<u>Total</u>	<u>Payment Due by Period</u>		
		<u>Less than 1 year</u>	<u>1 – 2 Years</u>	<u>More than 2 years</u>
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.

#### **Internal Control over Financial Reporting**

We are a public company with limited accounting personnel and other resources to address our internal control over financial reporting. In connection with the preparation and audit of our consolidated financial statements as of December 31, 2022 and 2021, and for each of the years in the three-year period ended December 31, 2022, we did not identify any deficiencies that would constitute a material weakness, as of December 31, 2022, in accordance with the standards established by PCAOB.

The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments

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and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. If we fail to develop or maintain an effective system of internal controls over our financial reporting, we may not be able to accurately report our financial conditions or results of operations or meet our reporting obligations. See “Risk Factors — Risks Relating to Our Business and Industry — 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.”

### **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).

#### *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).



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### *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:

<b>Assets acquired</b>	<b>Valuation technique</b>
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.

### **Emerging Growth Company Status**

We qualify as 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 the Ordinary Shares held by non-affiliates exceeds \$700 million as of the last business day of our prior second fiscal quarter, we have been subject to Exchange Act reporting requirements for at least 12 calendar months, and filed at least one annual report, 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 its internal control over financial reporting and reduced disclosure obligations regarding executive compensation.

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### **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 prospectus.

#### ***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.

### **Related Party Transactions**

See the section titled “Certain Relationships and Related Person Transactions” included elsewhere in this prospectus for information regarding related party transactions during the years ended December 31, 2020, 2021 and 2022.

## MANAGEMENT

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

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
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 (Frank)	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

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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,

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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 recognised 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.

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**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.

### Board of Directors

Our board of directors consists of five directors as of the date of this prospectus. Of these five directors, three are independent. The Amended 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 Diversity Matrix

The table below sets forth the board diversity matrix of our board of directors as of the date of this prospectus 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

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

### 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 Amended Articles provide that all directors may be appointed by ordinary resolution and removed by ordinary resolution. The Amended 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 Amended Articles.

### **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;
- 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.

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### *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.

### **Foreign Private Issuer Status**

We are an exempted company limited by shares incorporated in 2021 under the laws of the Cayman Islands. We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Under Rule 405 of the Securities Act, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on June 30, 2023. For so long as we qualify as a foreign private issuer, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- 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;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;



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- 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 selective disclosure rules by issuers of material nonpublic information under Regulation Fair Disclosure, or Regulation FD, which regulates selective disclosure of material non-public information by issuers.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we currently 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 are also 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, our shareholders receive less or different information about us than a shareholder of a U.S. domestic public company would receive.

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 the compensation committee must be 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;
- 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 share.

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.

## **Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics applicable to our directors, officers and employees. We seek to conduct business ethically, honestly, and in compliance with applicable laws and regulations. Our Code of Business Conduct and Ethics sets out the principles designed to guide our business practices — compliance, integrity, respect and dedication. The code applies to all directors, officers, employees and extended workforce, including the Chairperson and Chief Executive Officer and Chief Financial Officer. Relevant sections of the code also apply to members of our board of directors. We expect our suppliers, contractors, consultants, and other business partners to follow the principles set forth in our code when providing goods and services to us or acting on our behalf. A copy of our Code of Business Conduct and Ethics is available on our website at <https://ir.prenetics.com/corporate-governance/documents-charters>.

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### **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.

For information regarding share awards granted to our directors and executive officers, see the section entitled “— Share Incentive Plans.”

### **Employment Agreements and Indemnification Agreements**

Each of the executive officers is party to an employment agreement with Prenetics, which has become 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-day advance written notice. The executive officer may resign at any time with a 90-day advance written notice.

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

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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.

*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.

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*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 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
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.

## BENEFICIAL OWNERSHIP OF SECURITIES

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 <sup>(2)</sup>
<b>Directors and Executive Officers<sup>(1)</sup></b>					
Yeung Danny Sheng Wu <sup>(3)</sup>	—	22,596,703	22,596,703	14.16%	76.74%
Cheng Yin Pan (Ben)	—	—	—	—	—
Dr. Cui Zhanfeng	*	—	*	*	*
Ian Ying Woo	—	—	—	—	—
Chiu Wing Kwan Winnie <sup>(4)</sup>	*	—	*	*	*
Dr. Tzang Chi Hung Lawrence <sup>(5)</sup>	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 (Frank)	*	—	*	*	*
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%
<b>Principal Shareholders</b>					
Prudential Hong Kong Limited <sup>(6)</sup>	12,660,138	—	12,660,138	7.93%	2.15%
Woodbury Capital Management Limited <sup>(7)</sup>	11,192,524	—	11,192,524	7.02%	1.90%
Da Yeung Limited <sup>(3)</sup>	—	9,713,864	9,713,864	6.09%	32.99%
Genetel Bioventures Limited <sup>(8)</sup>	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

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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 377,411 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.

## SELLING SECURITYHOLDERS

This prospectus relates to the possible offer and sale from time to time by the Selling Securityholders of (A) up to 60,156,798 Class A Ordinary Shares, which includes (i) 6,913,200 Class A Ordinary Shares issued in the PIPE Investment; (ii) 7,740,000 Class A Ordinary Shares issued to the Forward Purchase Investors; (iii) 6,933,558 Class A Ordinary Shares issued to the Sponsor pursuant to the Initial Merger; (iv) 100,000 Class A Ordinary Shares issued to certain Artisan Directors pursuant to the Initial Merger; (v) 9,713,864 Class A Ordinary Shares issuable upon the conversion of 9,713,864 Class B Ordinary Shares issued to Da Yeung Limited pursuant to the Acquisition Merger; and (vi) a total of 28,756,176 Class A Ordinary Shares issued to certain prior shareholders of Prenetics pursuant to the Acquisition Merger; (B) up to 6,041,007 Private Warrants issued to the Sponsor and the Forward Purchase Investors pursuant to the Initial Merger; and (C) up to 7,792,898 Class A Ordinary Shares issuable upon exercises of the Private Warrants.

The Selling Securityholders may from time to time offer and sell any or all of the securities set forth below pursuant to this prospectus. When we refer to the “Selling Securityholders” in this prospectus, we mean the persons listed in the tables below, and the pledgees, donees, transferees, assignees, successors and others who later come to hold any of the Selling Securityholders’ interest in our securities after the date of this prospectus.

The table below sets forth information known to us as of April 18, 2023 regarding the names of the Selling Securityholders for which we are registering securities for resale to the public, their beneficial ownership of Class A Ordinary Shares and Warrants, and the amount of Class A Ordinary Shares and Warrants that may be offered from time to time by the Selling Securityholders pursuant to this prospectus. The individuals and entities listed below have beneficial ownership over their respective securities. The SEC has defined “beneficial ownership” of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement, or (iv) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, ordinary shares subject to options or other rights (as set forth above) held by that person that are currently exercisable, or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

The securities held by certain of the Selling Securityholders are subject to transfer restrictions, as described in the section titled “Description of Share Capital — Transfer of Ordinary Shares.”

We cannot advise you as to whether the Selling Securityholders will in fact sell any or all of such securities. In addition, the Selling Securityholders may sell, transfer or otherwise dispose of, at any time and from time to time, the ordinary shares in transactions exempt from the registration requirements of the Securities Act after the date of this prospectus, subject to applicable law.

Selling Securityholder information for each additional Selling Securityholder, if any, will be set forth by prospectus supplement to the extent required prior to the time of any offer or sale of such Selling Securityholder’s securities pursuant to this prospectus. Any prospectus supplement may add, update, substitute, or change the information contained in this prospectus, including the identity of each Selling Securityholder and the number of ordinary shares registered on its behalf. A Selling Securityholder may sell all, some or none of such securities in this offering. See the section titled “Plan of Distribution.”

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The securities owned by the persons named below do not have voting rights different from the securities owned by other holders.

Name of Selling Securityholder	Securities beneficially owned prior to this offering				Securities to be sold in this offering		Securities beneficially owned after this offering			
	Ordinary Shares	% <sup>(1)</sup>	Warrants	% <sup>(1)</sup>	Ordinary Shares	Warrants	Ordinary Shares <sup>(1)(2)</sup>	% <sup>(1)(2)</sup>	Warrants <sup>(1)(2)</sup>	% <sup>(1)(2)</sup>
Silverlight Capital Fund L.P. <sup>(3)</sup>	3,870,000	3.3%	—	—	3,870,000	—	—	—	—	—
Lippo-Dragonstone Asia Star I Limited <sup>(4)</sup>	2,940,000	1.8%	—	—	2,940,000	—	—	—	—	—
Xen One Limited <sup>(5)</sup>	103,200	*	—	—	103,200	—	—	—	—	—
Aspex Master Fund <sup>(6)</sup>	5,192,250	3.3%	1,166,666	<sup>(7)</sup>	3,870,000	750,000	1,322,250	1.2%	416,666	<sup>(8)</sup>
PAG Quantitative Strategies Trading Limited <sup>(9)</sup>	4,353,750	2.7%	750,000	<sup>(10)</sup>	3,870,000	750,000	483,750	*	—	—
Woodbury Capital Management Limited <sup>(11)</sup>	6,066,863	3.8%	3,973,381	<sup>(12)</sup>	6,066,863	3,973,381	—	—	—	—
M13 Capital Management Holdings Limited <sup>(13)</sup>	866,695	*	567,626	<sup>(14)</sup>	866,695	567,626	—	—	—	—
Da Yeung Limited <sup>(15)</sup>	9,713,864	6.09%	—	—	9,713,864	—	—	—	—	—
Avrom Boris Lasarow <sup>(16)</sup>	2,314,779	1.45%	—	—	1,881,844	—	432,935	*	—	—
For Excelsiors Limited <sup>(17)</sup>	3,840,716	2.4%	—	—	3,840,716	—	—	—	—	—
Prudential Hong Kong Limited <sup>(18)</sup>	12,660,138	7.9%	—	—	12,660,138	—	—	—	—	—
Genetel Bioventures Limited <sup>(19)</sup>	9,206,785	5.8%	—	—	9,206,785	—	—	—	—	—
Cui Zhanfeng <sup>(20)</sup>	1,183,923	*	—	—	789,282	—	394,641	*	—	—
Lucky Rider Investments Limited <sup>(21)</sup>	377,411	*	—	—	377,411	—	—	—	—	—
William Keller <sup>(22)</sup>	25,000	*	—	—	25,000	—	—	—	—	—
Mitch Garber <sup>(23)</sup>	25,000	*	—	—	25,000	—	—	—	—	—
Fan (Frank) Yu <sup>(24)</sup>	25,000	*	—	—	25,000	—	—	—	—	—
Sean O'Neill <sup>(25)</sup>	25,000	*	—	—	25,000	—	—	—	—	—

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

- (1) 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, and does not include 22,384,585 Class A Ordinary Shares issuable upon the exercise of our Warrants.
- (2) Assumes the sale of all shares offered in this prospectus.
- (3) The business address of Silverlight Capital Fund L.P. is 18/F, COFCO Tower, 262 Gloucester Rd., Causeway Bay, Hong Kong.
- (4) The business address of Lippo-Dragonstone Asia Star I Limited is Unit 1004, 10/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (5) The business address of Xen One Limited is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.
- (6) The business address of Aspex Master Fund is c/o Aspex Management (HK) Limited, 16th Floor, St. George's Building, 2 Ice House Street, Hong Kong.
- (7) The exercise of the 1,166,666 Warrant held by Aspex Master Fund will result in the issuance of 1,504,999 Class A Ordinary Shares, or 6.7% of all Class A Ordinary Shares underlying Warrants, at a price of \$8.91 per 1.29 Class A Ordinary Shares, subject to adjustment.
- (8) The exercise of the 416,666 Warrants held by Aspex Master Fund will result in the issuance of 537,449 Class A Ordinary Shares, or 2.4% of all Class A Ordinary Shares underlying Warrants, at a price of \$8.91 per 1.29 Class A Ordinary Shares, subject to adjustment.
- (9) The business address of PAG Quantitative Strategies Trading Limited is c/o PAG Quantitative Strategies Trading Limited, 33/ F, Three Pacific Place, 1 Queen's Road East, Hong Kong.



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- (10) The exercise of the 750,000 Warrant held by PAG Quantitative Strategies Trading Limited will result in the issuance of 967,500 Class A Ordinary Shares, or 4.3% of all Class A Ordinary Shares underlying Warrants, at a price of \$8.91 per 1.29 Class A Ordinary Shares, subject to adjustment.
- (11) Woodbury Capital Management Limited is a member of Artisan LLC. On June 9, 2022, Artisan LLC distributed the 6,933,558 Class A Ordinary Shares and 4,541,007 Private Warrants held by it to its two members on a pro rata basis. Woodbury Capital Management Limited and M13 Capital Management Holdings Limited. The business address of Woodbury Capital Management Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.
- (12) The exercise of the 3,973,381 Warrants held by Woodbury Capital Management Limited will result in the issuance of 5,125,661 Class A Ordinary Shares, or 22.9% of all Class A Ordinary Shares underlying Warrants, at a price of \$8.91 per 1.29 Class A Ordinary Shares, subject to adjustment.
- (13) M13 Capital Management Holdings Limited is a member of Artisan LLC. On June 9, 2022, Artisan LLC distributed the 6,933,558 Class A Ordinary Shares and 4,541,007 Private Warrants held by it to its two members on a pro rata basis. The business address of M13 Capital Management Holdings Limited is Portcullis Chambers 4th Floor, Ellen Skelton Building, 3076 Sir Francis, Drake Highway, Road Town, Tortola VG1110, British Virgin Islands. Cheng Yin Pan (Ben), an independent director of our Company, is the manager of M13 Capital Management Holdings Limited and has voting and investment discretion with respect to the Class A Ordinary Shares held of record by M13 Capital Management Holdings Limited. Cheng Yin Pan (Ben) disclaims any beneficial ownership of the securities held by M13 Capital Management Holdings Limited other than to the extent of any pecuniary interest he may have therein, directly or indirectly.
- (14) The exercise of the 567,626 Warrants held by M13 Capital Management Holdings Limited will result in the issuance of 732,237 Class A Ordinary Shares, or 3.3% of all Class A Ordinary Shares underlying Warrants, at a price of \$8.91 per 1.29 Class A Ordinary Shares, subject to adjustment.
- (15) Consists of 9,713,864 Class B Ordinary Shares. Da Yeung Limited is wholly owned by Yeung Danny Sheng Wu. Yeung Danny Sheng Wu is a director and the chairperson and chief executive officer of our Company. The business address of Da Yeung Limited is Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands.
- (16) The business address of Avrom Boris Lasarow is Thimble Hall, Leacon Lane, Charling, Ashford, United Kingdom.
- (17) For Excelsiors Limited is wholly owned by Tzang Chi Hung Lawrence. Dr. Tzang Chi Hung Lawrence is the chief science officer of our Company. The business address of For Excelsiors Limited is Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands, VG 1110.
- (18) The business address of Prudential Hong Kong Limited is 59/F, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong.
- (19) The business address of Genetel Bioventures Limited is 7B, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong.
- (20) Dr. Cui Zhanfeng is a director of our Company. The business address of Dr. Cui Zhanfeng is Ash Tree Farm, Faringdon Road, Cumnor, Oxford, United Kingdom, OX2 9QX.
- (21) Lucky Rider Investments Limited is wholly owned by Chiu Wing Kwan (Winnie), a director of our Company. The business address of Lucky Rider Investments Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (22) The business address of William Keller is Lerchenhalde 7, CH8703 Erlenbach, Switzerland.
- (23) The business address of Mitch Garber is 2200 Stanley — 10th Floor Montreal, Quebec Canada H3A1R6.
- (24) The business address of Fan (Frank) Yu is c/o Ally Bridge Group (HK) Limited Unit 3002-3004, 30/F, Gloucester Tower, The Landmark 15 Queen's Road Central, Hong Kong.
- (25) The business address of Sean O'Neill is 209 Park Vista Tower, 5 Cobblestone Square, London E1W 3AY, United Kingdom.

## **Material Relationships with Selling Securityholders**

See the section titled "Certain Relationships and Related Person Transactions."

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

### **Business Combination**

On May 18, 2022 (the “Closing Date”), 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

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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

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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”).

Pursuant the PIPE Subscription Agreements, the obligations of the parties to consummate the PIPE Investment are subject to the satisfaction or waiver of certain customary closing conditions of the respective parties, including, among others, (i) all conditions precedent under the Business Combination Agreement having been satisfied or waived (other than those to be satisfied at the closing of the Business Combination), (ii) the accuracy of representations and warranties in all material respects and (iii) material compliance with covenants.

In connection with and concurrently with the execution of the BCA Amendment, 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

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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 (the "Joining Shareholder") executed a Deed of Joinder (the "Shareholder Support Agreement Joinder") with us, Artisan and Prenetics. Pursuant to the Shareholder Support Agreement Joinder, the Joining 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. After taking into account of the Shareholder Support Agreement Joinder, shareholders of Prenetics representing approximately 80% of the outstanding Prenetics Shares (on an as converted basis as of the date of this prospectus) agreed to vote in favor of the transactions contemplated by the Business Combination Agreement.

On March 30, 2022, we, 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 that expires on the earliest of (x) six (6) months after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty-(30) trading day period commencing at least one hundred fifty (150) days after the Closing Date, and (b) the remaining 50% would be subject to a lock-up that expires on the earliest of (x) twelve (12) months after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty (30) trading day period commencing at least one hundred fifty (150) days after the Closing Date, subject to certain exceptions.

### ***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 that expires on the earliest of (x) six (6) months after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty-(30) trading day period commencing at least one hundred fifty (150) days after the Closing Date, and (b) the remaining 50% will be subject to a lock-up that expires on the earliest of (x) twelve (12) months after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty-(30) trading day period commencing at least one hundred fifty (150) days after the Closing Date, subject to certain exceptions.

### ***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. See "Shares Eligible for Future Sale — Registration Rights."

### ***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

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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.

In connection with and 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 (each a “Lock-Up Agreement”), 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 our 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. After taking the Lock-Up Agreements into account, shareholders of Prenetics representing approximately 96.8% of the issued and outstanding share capital of Prenetics agreed to lock up the Ordinary Shares to be acquired by them following the consummation of the Business Combination Agreement.

### **Employment Agreements and Indemnification Agreements**

See “Management — Compensation of Directors and Executive Officers.”

### **Share Incentive Plans**

See “Management — 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.



## DESCRIPTION OF SHARE CAPITAL

A summary of the material provisions governing our share capital is described below. This summary is not complete and should be read together with the Amended Articles, a copy of which is included elsewhere in this registration statement.

We are a Cayman Islands exempted company with limited liability and our affairs are governed by the Amended Articles, the Cayman Islands Companies Act, and the common law of the Cayman Islands.

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 Amended Articles. All ordinary shares issued and outstanding as of the date of this prospectus are fully paid and non-assessable. 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 prospectus, we had repurchased 1,684,757 Class A Ordinary Shares under this share repurchase program. The following are summaries of material provisions of the Amended Articles and the Cayman Islands Companies Act insofar as they relate to the material terms of the ordinary shares.

### Ordinary Shares

#### *General*

Holders of Class A Ordinary Shares and Class B Ordinary Shares generally have the same rights and powers except for voting and conversion rights. 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.

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 “— Optional and Mandatory Conversion.”

#### *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

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(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 Amended Articles;
- 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 Amended Articles 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.

### ***Optional and Mandatory Conversion***

Each Class B Ordinary Share are 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;

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- 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.

### ***Transfer of Ordinary Shares***

Subject to applicable laws, including securities laws, and the restrictions contained in the Amended Articles, 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 “— Optional and Mandatory 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

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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.

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### ***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.

### ***Variations of Rights of Shares***

Subject to certain Amended Articles provisions 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.

### ***General Meetings of Shareholders***

We will hold an annual general meeting at such time and place as our board of directors will determine. Our board of directors may call extraordinary general meetings whenever they think fit, and must convene an extraordinary general meeting upon the requisition of (a) shareholders holding at least one third of the votes that may be cast at such meeting, or (b) the holders of Class B Ordinary Shares entitled to cast a majority of the votes that all Class B Ordinary Shares are entitled to cast. At least seven (7) calendar days' notice in writing shall be given for any general meeting.

One or more shareholders holding not less than one-third of the our total issued share capital in issue present in person or by proxy and entitled to vote will be a quorum for all purposes, provided that, from and after the Acquisition Effective Time where Class B Ordinary Shares are in issue, the presence in person or by proxy of holders of a majority of Class B Ordinary Shares will be required in any event.

### ***Inspection of Books and Records***

Our board of directors will determine whether, to what extent, at what times and places and under what conditions or articles our accounts and books will be open to the inspection by shareholders, and no shareholder (not being our director) will otherwise have any right of inspecting any of our account or book or document except as required by the Cayman Islands Companies Act or authorized by ordinary resolution of shareholders.

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### **Changes in Capital**

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.

### **Warrants**

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).

### **Exempted Company**

We are an exempted company with limited liability incorporated under the laws of Cayman Islands.

The Cayman Islands Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary resident company except for the exemptions and privileges listed below:

- an exempted company (other than an exempted company holding a license to carry on business in the Cayman Islands) does not have to file an annual return of its shareholders with the Registrar of Companies of the Cayman Islands;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue shares with no par value;
- an exempted company may obtain an undertaking against the imposition of any future taxation;
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

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“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

### **Differences in Corporate Law**

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

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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.



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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

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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.

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*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.

## SHARES ELIGIBLE FOR FUTURE SALE

We had 136,952,037 Class A Ordinary Shares and 22,596,703 Class B Ordinary Shares issued and outstanding as of April 18, 2023. All of the Class A Ordinary Shares issued to the Artisan shareholders in connection with the Business Combination are freely transferable by persons other than by Sponsor or Artisan's, Prenetics' or our affiliates without restriction or further registration under the Securities Act. In addition, ordinary shares and warrants held by certain shareholders are subject to lock-up restrictions described below. Sales of substantial amounts of the Class A Ordinary Shares in the public market could adversely affect prevailing market prices of the Class A Ordinary Shares.

### Lock-up Agreements

Concurrently with, and following the signing of the Business Combination Agreement, certain shareholders and executives of Prenetics, including its principal shareholders and Mr. Danny Yeung, the Forward Purchase Investors and Sponsor have agreed, pursuant respectively to certain of the Prenetics Shareholder Support Agreements, the Shareholder Support Agreement Joinder, the Management Shareholder Support Agreement Amendment Deed, the Amended Forward Purchase Agreements, the Deeds of Amendment to Deeds of Novation and Amendment, the Sponsor Support Agreement and the Sponsor Support Agreement Amendment Deed, not to, without the prior written consent of our board of directors, for specified periods of time after the consummation of the Business Combination, transfer any Ordinary Shares, Warrants or Ordinary Shares received upon the exercise of Warrants or settlement of the Company's restricted share units received as a result of the Acquisition Merger, as applicable, with certain customary exceptions. As certain restriction have recently expired or will expire, additional securities have become or will become eligible for resale as follows:

- for all the Ordinary Shares received by Danny Yeung as a result of the Acquisition Merger and upon settlement of the Company's restricted share units received by Danny Yeung as a result of the Acquisition Merger (the "Key Executive Lock-up Shares") and all the Ordinary Shares or Warrants received by Sponsor as a result of the Initial Merger and any Ordinary Shares received by Sponsor upon the exercise of Warrants (the "Sponsor Lock-up Securities"), with respect to 50% of the Key Executive Lock-up Shares and 50% of the Sponsor Lock-up Securities, on the earliest of (x) six (6) months after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty (30) trading day period commencing at least one hundred fifty (150) days after the Closing Date;
- with respect to 50% of the Key Executive Lock-Up Shares and 50% of the Sponsor Lock-up Securities, on the earliest of (x) twelve (12) months after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty- (30) trading day period commencing at least one hundred fifty (150) days after the Closing Date;
- with respect to the Ordinary Shares received by the Forward Purchase Investors in the Initial Merger that were exchanged from the Artisan Public Shares acquired by the Forward Purchase Investors in the Class B Recapitalization, on the earliest of (x) six (6) months after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported

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sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty- (30) trading day period commencing at least one hundred fifty (150) days after the Closing Date; and

- for (a) all Ordinary Shares received by certain Prenetics shareholders that are parties to the Shareholder Support Agreements (other than Danny Yeung or any of his controlled affiliates(s)) as a result of the Acquisition Merger and upon settlement of the Company's restricted share units received by such Prenetics shareholders as a result of the Acquisition Merger and (b) all Ordinary Shares or Warrants received by certain directors of Artisan as a result of the Initial Merger and any Ordinary Shares received by such directors of Artisan upon the exercise of Warrants, on the earliest of (x) 180 days after the Closing Date, (y) the date following the Closing Date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Company's shareholders having the right to exchange their Ordinary Shares for cash, securities or other property, and (z) the date on which the last reported sale price of the Class A Ordinary Shares equals or exceeds \$12.00 per share (as adjusted for share splits, share combinations, share dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within any thirty (30) trading day period commencing at least one hundred fifty (150) days after the Closing Date.

## **Registration Rights**

Pursuant to the PIPE Subscription Agreements, as amended, we must file a registration statement registering up to such number of Class A Ordinary Shares equal to the product of (a) 6,000,000 multiplied by (b) the Class A Exchange Ratio held by the PIPE Investors within 30 days after the consummation of the Business Combination.

Concurrently with the signing of the Business Combination Agreement, we entered into the Registration Rights Agreement with Artisan and Sponsor, Danny Yeung, Avrom Boris Lasarow and Lawrence Chi Hung Tzang (each, a "Holder"), pursuant to which the following securities must, subject to the provisions of the Registration Rights Agreement, be registered in a "shelf" registration statement on Form F-1: (i) all outstanding Ordinary Shares or Warrants that are held by a Holder as of immediately following the Closing; (ii) any Ordinary Shares that may be acquired by a Holder upon the exercise of any of the Warrants (or any other option or right to acquire Ordinary Shares) that are held by a Holder as of immediately following the Closing; and (iii) any other equity security issued or issuable with respect to any securities referenced in the foregoing clauses (i) or (ii) by way of a stock dividend or stock split or in connection with a recapitalization, merger, consolidation, spin-off, reorganization or similar transaction. We shall, as soon as reasonably practicable and in any event no later than 45 days following the date that we become eligible to use a "shelf" registration statement on Form F-3, convert and/or file the "shelf" registration statement on Form F-1 to a "shelf" registration statement on Form F-3. (a) Holders of at least 20% of the then outstanding number of registrable securities, (b) Sponsor, or (c) any of the directors and officers of Prenetics, a significant shareholder of Prenetics and their permitted transferees (each, a "Significant Holder") may request to sell all or a portion of their registrable securities in an underwritten takedown provided that we shall only be obligated to effect an underwritten takedown if such underwritten offering shall include registrable securities proposed to be sold by the Holders making the demand with a total offering price reasonably expected to exceed, in the aggregate, US\$25,000,000; provided further that we shall not be obligated to effect (a) more than one (1) underwritten takedown within the first year following the Closing, (b) for the period commencing one year after the Closing, more than two (2) underwritten takedowns within any twelve-month period, (c) more than two (2) underwritten takedowns where the Sponsor is making the demand or (d) more than two (2) underwritten takedowns where a Significant Holder is making the demand. In addition, holders of registrable securities have certain "piggy-back" registration rights with respect to registration statements filed by us with respect to securities for its own account or for the account of our shareholders, with certain customary exceptions. We will bear all costs and expenses incurred in connection with the filing of any such registration statements, other than all incremental selling expenses relating to the sale of registrable securities, such as underwriters' commissions and discounts, brokerage fees, underwriter marketing costs and all reasonable fees and expenses of any legal counsel representing the Holders.

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### **Rule 144**

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials); and
- at least one year has elapsed from the time that the issuer filed Form 20-F type information with the SEC, which is expected to be filed promptly after consummation of the Business Combination, reflecting its status as an entity that is not a shell company.

Pursuant to Rule 144 under the Securities Act (“Rule 144”), a person who has beneficially owned restricted Ordinary Shares or Warrants for at least six months would be entitled to sell their securities; provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale and have filed all required reports under Section 13 or 15(d) of the Exchange Act during the 12 months (or such shorter period as it was required to file reports) preceding the sale.

Persons who have beneficially owned restricted Ordinary Shares or Warrants for at least six months but who are our affiliates at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- one percent (1%) of the total number of Ordinary Shares then issued and outstanding; or
- the average weekly reported trading volume of the Class A Ordinary Shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by our affiliates under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about us.

### **Regulation S**

Regulation S under the Securities Act provides a safe harbor from registration requirements in the United States for offers and sales of securities that occur outside the United States. Rule 903 of Regulation S provides the conditions to the safe harbor for a sale by an issuer, a distributor, their respective affiliates or anyone acting on their behalf, while Rule 904 of Regulation S provides the conditions to the safe harbor for a resale by persons other than those covered by Rule 903. In each case, any sale must be completed in an offshore transaction, as that term is defined in Regulation S, and no directed selling efforts, as that term is defined in Regulation S, may be made in the United States.

### **Rule 701**

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases equity shares from us in connection with a compensatory stock plan or other written agreement that was executed prior to the completion of the Business Combination is eligible to resell those equity shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

## 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;
- 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 prospectus, 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

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- 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.

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***

As stated under “— Dividend Policy,” 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



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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.

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

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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 of this prospectus captioned “Description of Share Capital — Warrants.” 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.

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

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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
- 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

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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.

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

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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
- (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

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(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.

## PLAN OF DISTRIBUTION

We are registering the resale by the Selling Securityholders named in this prospectus of: (A) up to 60,156,798 Class A Ordinary Shares, which includes (i) 6,913,200 Class A Ordinary Shares issued in the PIPE Investment; (ii) 7,740,000 Class A Ordinary Shares issued to the Forward Purchase Investors; (iii) 6,933,558 Class A Ordinary Shares issued to the Sponsor pursuant to the Initial Merger; (iv) 100,000 Class A Ordinary Shares issued to certain Artisan Directors pursuant to the Initial Merger; (v) 9,713,864 Class A Ordinary Shares issuable upon the conversion of 9,713,864 Class B Ordinary Shares issued to Da Yeung Limited pursuant to the Acquisition Merger; and (vi) a total of 28,756,176 Class A Ordinary Shares issued to certain prior shareholders of Prenetics pursuant to the Acquisition Merger; (B) up to 6,041,007 Private Warrants issued to the Sponsor and the Forward Purchase Investors pursuant to the Initial Merger; and (C) up to 7,792,898 Class A Ordinary Shares issuable upon exercises of the Private Warrants. As used herein, “Selling Securityholders” includes donees, pledgees, transferees or other successors-in-interest (as a gift, pledge, partnership distribution or other non-sale related transfer) selling securities received after the date of this prospectus from the Selling Securityholders.

We are registering the foregoing securities so that those securities may be freely sold to the public by the Selling Securityholders. We have agreed with certain Selling Securityholders pursuant to the Registration Rights Agreement to use commercially reasonable efforts to keep the registration statement of which this prospectus constitutes a part effective until such time as such Selling Securityholders cease to hold any securities eligible for registration under the Registration Rights Agreement. The Selling Securityholders may offer and sell, from time to time, some or all of the securities covered by this prospectus, and each Selling Securityholder will act independently of us in making decisions with respect to the timing, manner and size of any sale. However, there can be no assurance that the Selling Securityholders will sell all or any of the securities offered by this prospectus.

We will not receive any proceeds from any sale by the Selling Securityholders of the securities being registered hereunder. The aggregate proceeds to the Selling Securityholders will be the aggregate purchase price of the securities sold less any discounts and commissions borne by the Selling Securityholders. We will bear all costs, expenses and fees in connection with the registration of the securities offered by this prospectus, whereas the Selling Securityholders will bear all commissions and discounts, if any, attributable to their sale of our Class A Ordinary Shares or Warrants. Our Class A Ordinary Shares and Warrants are currently listed on NASDAQ under the symbols “PRE” and “PRENW,” respectively.

Subject to the terms of the agreement(s) governing the registration rights applicable to a Selling Securityholder’s shares of our Class A Ordinary Shares or Warrants, the Selling Securityholders may use any one or more of the following methods when selling the securities offered by this prospectus:

- purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this prospectus;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- block trades in which the broker-dealer so engaged will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- an over-the-counter distribution in accordance with the rules of NASDAQ;
- through trading plans entered into by a Selling Securityholder pursuant to Rule 10b5-1 under the Exchange Act that are in place at the time of an offering pursuant to this prospectus and any applicable prospectus supplement hereto that provide for periodic sales of their securities on the basis of parameters described in such trading plans;
- through one or more underwritten offerings on a firm commitment or best efforts basis;
- settlement of short sales entered into after the date of this prospectus;

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- agreements with broker-dealers to sell a specified number of the securities at a stipulated price per share or warrant;
- distribution to employees, members, limited partners or stockholders of the Selling Securityholder or its affiliates by pledge to secure debts and other obligations;
- delayed delivery arrangements;
- in “at the market” offerings, as defined in Rule 415 under the Securities Act, at negotiated prices, at prices prevailing at the time of sale or at prices related to such prevailing market prices, including sales made directly on a national securities exchange or sales made through a market maker other than on an exchange or other similar offerings through sales agents;
- directly to purchasers, including through a specific bidding, auction or other process or in privately negotiated transactions;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- through a combination of any of the above methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Securityholders may sell the securities at prices then prevailing, related to the then prevailing market price or at negotiated prices. The offering price of the securities from time to time will be determined by the Selling Securityholders and, at the time of the determination, may be higher or lower than the market price of our securities on NASDAQ or any other exchange or market. The Selling Securityholders have the sole and absolute discretion not to accept any purchase offer or make any sale of securities if they deem the purchase price to be unsatisfactory at any particular time or for any other reason.

With respect to a particular offering of the securities held by the Selling Securityholders, to the extent required, an accompanying prospectus supplement will be or, if appropriate, a post-effective amendment to the registration statement of which this prospectus is part may be, prepared and will set forth the following information:

- the specific securities to be offered and sold;
- the names of the Selling Securityholders;
- the respective purchase prices and public offering prices, the proceeds to be received from the sale, if any, and other material terms of the offering;
- settlement of short sales entered into after the date of this prospectus;
- the names of any participating agents, broker-dealers or underwriters; and
- any applicable commissions, discounts, concessions and other items constituting compensation from the Selling Securityholders.

To the extent required, we will use our best efforts to file a post-effective amendment to the registration statement of which this prospectus is part to describe any material information with respect to the plan of distribution not previously disclosed in this prospectus or any material change to such information, and this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution.

Subject to the terms of the agreement(s) governing the registration rights applicable to a Selling Securityholder’s Class A Ordinary Shares or Warrants, the Selling Securityholders also may transfer the securities in other circumstances, in which case the transferees, pledgees or other successors-in-interest will be the Selling Securityholders for purposes of this prospectus. Upon being notified by a Selling Securityholder that



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a donee, pledgee, transferee, other successor-in-interest intends to sell our securities, we will, to the extent required, promptly file a supplement to this prospectus or post-effective amendment to name specifically such person as a Selling Securityholder.

In addition, a Selling Securityholder that is an entity may elect to make a pro rata in-kind distribution of securities to its members, partners or shareholders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus with a plan of distribution. Such members, partners or shareholders would thereby receive freely tradeable securities pursuant to the distribution through a registration statement. To the extent a distributee is an affiliate of ours (or to the extent otherwise required by law), we may file a prospectus supplement or post-effective amendment in order to permit the distributees to use the prospectus to resell the securities acquired in the distribution.

The Selling Securityholders may also sell securities under Rule 144 under the Securities Act, if available, or in other transactions exempt from registration, rather than under this prospectus.

If any of the Selling Securityholders use an underwriter or underwriters for any offering, we will name such underwriter or underwriters, and set forth the terms of the offering, in a prospectus supplement pertaining to such offering and, except to the extent otherwise set forth in such prospectus, the applicable Selling Securityholders will agree in an underwriting agreement to sell to the underwriter(s), and the underwriter(s) will agree to purchase from the Selling Securityholders, the number of shares set forth in such prospectus supplement. These sales may be at a fixed price or varying prices, which may be changed, or at market prices prevailing at the time of sale, at prices relating to prevailing market prices or at negotiated prices. The securities may be offered to the public through underwriting syndicates represented by managing underwriters or by one or more underwriters without a syndicate. The obligations of the underwriters to purchase the securities will be subject to certain conditions. Unless otherwise set forth in such prospectus supplement, the underwriters will be obligated to purchase all the securities offered if any of the securities are purchased.

Underwriters, broker-dealers or agents may facilitate the marketing of an offering online directly or through one of their affiliates. In those cases, prospective investors may view offering terms and a prospectus online and, depending upon the particular underwriter, broker-dealer or agent, place orders online or through their financial advisors.

In offering the securities covered by this prospectus, the Selling Securityholders and any underwriters, broker-dealers or agents who execute sales for the Selling Securityholders may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. Any discounts, commissions, concessions or profit they earn on any resale of those securities may be underwriting discounts and commissions under the Securities Act.

The underwriters, broker-dealers and agents may engage in transactions with us or the Selling Securityholders, may have banking, lending or other relationships with us or the Selling Securityholders or perform services for us or the Selling Securityholders, in the ordinary course of business.

Upon our notification by a Selling Securityholder that any material arrangement has been entered into with an underwriter or broker-dealer for the sale of securities through a block trade, special offering, exchange distribution, secondary distribution or a purchase by an underwriter or broker-dealer, we will file, if required by applicable law or regulation, a supplement to this prospectus pursuant to Rule 424(b) under the Securities Act disclosing certain material information relating to such underwriter or broker-dealer and such offering.

In order to facilitate the offering of the securities, any underwriters, broker-dealers or agents, as the case may be, involved in the offering of such securities may engage in transactions that stabilize, maintain or otherwise affect the price of our securities. Specifically, the underwriters, broker-dealers or agents, as the case may be, may overallocate in connection with the offering, creating a short position in our securities for their own

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account. In addition, to cover overallocments or to stabilize the price of our securities, the underwriters, broker-dealers or agents, as the case may be, may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allotted to an underwriter or a broker-dealer for distributing such securities in the offering if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the securities above independent market levels. The underwriters, broker-dealers or agents, as the case may be, are not required to engage in these activities, and may end any of these activities at any time.

The Selling Securityholders may also authorize underwriters, broker-dealers or agents to solicit offers by certain purchasers to purchase the securities at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth any commissions we or the Selling Securityholders pay for solicitation of these contracts.

In effecting sales, underwriters, broker-dealers or agents engaged by the Selling Securityholders may arrange for other broker-dealers to participate. Underwriters, broker-dealers or agents may receive commissions, discounts or concessions from the Selling Securityholders in amounts to be negotiated immediately prior to the sale.

It is possible that one or more underwriters may make a market in our securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for our securities.

A Selling Securityholder may enter into derivative transactions with third parties, including hedging transactions with broker-dealers or other financial institutions, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sales of the securities offered hereby or of securities convertible into or exchangeable for such securities. If so, the third party may use securities pledged by any Selling Securityholder or borrowed from any Selling Securityholder or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from any Selling Securityholder in settlement of those derivatives to close out any related open borrowings of shares. The third party in such sale transactions will be an underwriter and will be identified in the applicable prospectus supplement (or a post-effective amendment). In addition, any Selling Securityholder may otherwise loan or pledge securities to a financial institution or other third party that in turn may sell the securities short using this prospectus. Such financial institution or other third party may transfer its economic short position to investors in our securities or in connection with a concurrent offering of other securities.

In compliance with the guidelines of the Financial Industry Regulatory Authority (“FINRA”), the aggregate maximum discount, commission, fees or other items constituting underwriting compensation to be received by any FINRA member or independent broker-dealer will not exceed 8% of the gross proceeds of any offering pursuant to this prospectus and any applicable prospectus supplement.

If at the time of any offering made under this prospectus a member of FINRA participating in the offering has a “conflict of interest” as defined in FINRA Rule 5121 (“Rule 5121”), that offering will be conducted in accordance with the relevant provisions of Rule 5121.

In order to comply with the securities laws of certain states, if applicable, the securities must be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

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The Selling Securityholders and any other persons participating in the sale or distribution of the securities will be subject to applicable provisions of the Securities Act and the Exchange Act, and the rules and regulations thereunder, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the securities by, the Selling Securityholders or any other person, which limitations may affect the marketability of the shares of the securities.

We will make copies of this prospectus available to the Selling Securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act.

We have agreed to indemnify the Selling Securityholders against certain liabilities, including liabilities under the Securities Act. The Selling Securityholders have agreed to indemnify us in certain circumstances against certain liabilities, including certain liabilities under the Securities Act. We and/or the Selling Securityholders may indemnify any broker or underwriter that participates in transactions involving the sale of the securities against certain liabilities, including liabilities arising under the Securities Act.

**EXPENSES RELATED TO THE OFFERING**

We estimate the following expenses in connection with the offer and sale of our Class A Ordinary Shares and Warrants by the Selling Securityholders. With the exception of the SEC Registration Fee, all amounts are estimates.

SEC registration fee	37,975.92
FINRA filing fee	*
Legal fees and expenses	*
Accountants' fees and expenses	*
Printing expenses	*
Transfer agent fees and expenses	*
Miscellaneous costs	*
<b>Total</b>	<b><u>\$ 37,975.92</u></b>

\* These fees are calculated based on the securities offered and the number of issuances and accordingly cannot be defined at this time.

Under agreements to which we are party with the Selling Securityholders, we have agreed to bear all expenses relating to the registration of the resale of the securities pursuant to this prospectus.

**LEGAL MATTERS**

Mourant Ozannes has advised us on certain legal matters as to Cayman Islands law including the issuance of the ordinary shares offered by this prospectus, and Skadden, Arps, Slate, Meagher & Flom LLP has advised us on the validity of Warrants under New York law. We have been represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain legal matters as to United States federal securities and New York State law.

**EXPERTS**

The consolidated statements of financial position of Prenetics Global Limited as of December 31, 2022 and 2021, and 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 have been included herein in reliance upon the report of KPMG, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

**ENFORCEABILITY OF CIVIL LIABILITIES AND AGENT FOR SERVICE OF PROCESS IN THE UNITED STATES**

We are a public limited company organized under the laws of Cayman Islands. As a result, the rights of holders of our Class A Ordinary Shares will be governed by Cayman Islands law and our articles of association. The rights of shareholders under Cayman Islands law may differ from the rights of shareholders of companies incorporated in other jurisdictions. A substantial amount of our assets are located outside the United States. As a result, it may be difficult for investors to enforce in the United States judgments obtained in U.S. courts against us based on the civil liability provisions of the U.S. securities laws.

Our principal executive office is Unit 701-706, K11 Atelier King's Road, 728 King's Road, Quarry Bay, Hong Kong.

We have irrevocably appointed Cogency Global Inc. as our agent to receive service of process in any action against us in any U.S. federal or state court arising out of this offering or any purchase or sale of securities in connection with this offering. The address of our agent is 122 East 42nd Street, 18th Floor New York, N.Y. 10168.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement (including amendments and exhibits to the registration statement) on Form F-1 under the Securities Act. For purposes of this section, the term registration statement means the original registration statement and any and all amendments including the schedules and exhibits to the original registration statement or any amendment. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information we have filed electronically with the SEC. As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive 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 addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We also make available on our website, free of charge, our Annual Report and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is [www.prenetics.com](http://www.prenetics.com). The reference to our website is an inactive textual reference only, and information contained therein or connected thereto is not incorporated into this prospectus.



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 post-effective amendment No. 2 to the Registration Statement on Form F-1 initially filed with the Securities and Exchange Commission (the “SEC”) on May 27, 2022; (b) the historical consolidated financial statements of ACT as of and for the year ended December 31, 2021, as included in this post-effective amendment No. 2 to the Registration Statement on Form F-1 initially filed with the SEC on May 27, 2022; (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 post-effective amendment No. 2 to the Registration Statement on Form F-1 initially filed with the SEC on May 27, 2022.

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)**

	<u>Company</u>	<u>ACT</u>	<u>Transaction Accounting Adjustments</u>		<u>Pro Forma Combined</u>
<b>ASSETS:</b>					
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
<b>Total non-current assets</b>	<b>19,509,809</b>	<b>19,544,794</b>	<b>34,586,894</b>		<b>73,641,497</b>
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
<b>Total current assets</b>	<b>250,092,295</b>	<b>12,499,264</b>	<b>(9,041,776)</b>		<b>253,549,783</b>
<b>Total assets</b>	<b>269,602,104</b>	<b>32,044,058</b>	<b>25,545,118</b>		<b>327,191,280</b>
<b>LIABILITIES AND EQUITY (DEFICIT):</b>					
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
<b>Total non-current liabilities</b>	<b>12,786,219</b>	<b>197,640,702</b>	<b>(192,837,488)</b>		<b>17,589,433</b>
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
<b>Total current liabilities</b>	<b>49,546,534</b>	<b>29,023,572</b>	<b>(4,764,994)</b>		<b>73,805,112</b>
<b>Total liabilities</b>	<b>62,332,753</b>	<b>226,664,274</b>	<b>(197,602,482)</b>		<b>91,394,545</b>
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)	—
<b>Total equity/(equity deficiency)</b>	<b>207,269,351</b>	<b>(194,620,216)</b>	<b>223,147,600</b>		<b>235,796,735</b>
<b>Total liabilities and equity</b>	<b>269,602,104</b>	<b>32,044,058</b>	<b>25,545,118</b>		<b>327,191,280</b>

**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)**

	<u>Company</u>	<u>ACT</u>	<u>Transaction Accounting Adjustments</u>		<u>Pro Forma Combined</u>
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)
<b>Loss per share:</b>					
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)
<b>Loss per share:</b>					
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.



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**ACT Genomics Holdings Company Limited**

(Incorporated in the Cayman Islands)

**and its subsidiaries**

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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)*

	<u>Note</u>	<u>\$</u>
<b>Revenue</b>	6	8,857,442
Cost of sales		(3,534,556)
<b>Gross profit</b>		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)
<b>Loss from operations before impairment of goodwill</b>		(11,371,117)
Impairment of goodwill	12	(24,251,332)
<b>Loss from operations</b>		(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
<b>Loss before taxation</b>	9	(79,401,326)
Income tax	10	(31,107)
<b>Loss for the year</b>		(79,432,433)
<b>Attributable to:</b>		
Equity shareholders of the Company		(79,400,247)
Non-controlling interests		(32,186)
<b>Loss for the year</b>		(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)*

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

	<u>Note</u>	<u>\$</u>
<b>Assets</b>		
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
<b>Non-current assets</b>		<u>24,628,601</u>
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
<b>Current assets</b>		<u>13,989,004</u>
<b>Total assets</b>		<u>38,617,605</u>
<b>Liabilities</b>		
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
<b>Current liabilities</b>		<u>25,738,937</u>
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
<b>Non-current liabilities</b>		<u>194,894,759</u>
<b>Total liabilities</b>		<u>220,633,696</u>
	<u>Note</u>	<u>2021</u>
<b>Equity</b>		<u>\$</u>
Share capital		14,561
Reserves		<u>(181,708,627)</u>
<b>Total deficit attributable to equity shareholders of the Company</b>	23	<u>(181,694,066)</u>
Non-controlling interests		<u>(322,025)</u>
<b>Total deficit</b>		<u>(182,016,091)</u>
<b>Total deficit and liabilities</b>		<u>38,617,605</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 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 \$			
<b>At January 1, 2021</b>	9,713	1,528,483	16,273,498	1,994,299	(496,982)	(99,499,057)	(80,190,046)	(157,033)	(80,347,079)
<b>Changes in equity for 2021:</b>									
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)
<b>At December 31, 2021</b>	<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)*

	Note	\$
<b>Operating activities</b>		
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
<b>Net cash used in operating activities</b>		<u>(8,044,381)</u>
<b>Investing activities</b>		
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)
<b>Net cash used in investing activities</b>		<u>(4,404,475)</u>
<b>Financing activities</b>		
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)
<b>Net cash generated from financing activities</b>		<u>12,565,625</u>
<b>Net increase in cash and cash equivalents</b>		116,769
<b>Cash and cash equivalents at January 1, 2021</b>		5,932,252
Effect of foreign exchange rate changes		174,869
<b>Cash and cash equivalents at December 31, 2021</b>	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.

	<b>Effective for accounting periods beginning on or after</b>
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

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**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:

	\$
<b>Revenue from contracts with customers within the scope of IFRS 15</b>	
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:

	\$
<b>Disaggregated by geographical location of the customers</b>	
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**

	\$
<b>(a) Other revenue</b>	
Bank interest income	8,012
Government grants (note)	3,457,103
	<u>3,465,115</u>
<b>(b) Other net loss</b>	
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:**

	\$
<b>Current tax</b>	
Provision for the year	1,641
<b>Deferred tax</b>	
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 \$
<b>Cost:</b>							
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>
<b>Accumulated depreciation:</b>							
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>
<b>Net book value:</b>							
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 \$
<b>Cost:</b>					
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>
<b>Accumulated amortization:</b>					
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>
<b>Net book value:</b>					
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:

Name	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
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	1,518,409
	<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**

	\$
<b>Current portion</b>	
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
<b>Non-current portion</b>	
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 \$
<b>At January 1, 2021</b>	—	88,278,209	2,590,676	90,868,885
<b>Changes from financing cash flows:</b>				
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)
<b>Total changes from financing cash flows</b>	<b>(15,180)</b>	<b>—</b>	<b>(719,188)</b>	<b>(734,368)</b>
<b>Exchange adjustments</b>	<b>(3,133)</b>	<b>—</b>	<b>27,530</b>	<b>24,397</b>

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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 \$
<b>Other changes:</b>				
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	138,530	103,099,044	1,617,504	104,855,078
<b>At December 31, 2021</b>	<b>120,217</b>	<b>191,377,253</b>	<b>3,516,522</b>	<b>195,013,992</b>

**(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**

	\$
<b>Trade and other payables</b>	
Trade payables	1,228,201
Accruals and other payables	3,133,933
Contingent consideration (note 14)	1,775,592
	<u>6,137,726</u>
<b>Contract liabilities</b>	
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 (“2<sup>nd</sup> MAA”), and issued IOS for cash to 1<sup>st</sup> D-Round investors. Pursuant to the 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> MAA.

During the year ended December 31, 2021, the Company (i) further signed share purchase agreements with investors to issue IOS for cash to 2<sup>nd</sup> 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:

	\$
<b>At January 1, 2021</b>	<u>88,278,209</u>
Issuance of IOS	56,534,568
Changes in carrying amount of redemption liabilities	<u>46,564,476</u>
<b>At December 31, 2021</b>	<u><u>191,377,253</u></u>

Apart from the rights of redemption as described above, the holders of IOS issued during the 1<sup>st</sup> and 2<sup>nd</sup> D-Round fundraising (“D-Round IOS”) also have the right for indemnity for price protection. According to the 2<sup>nd</sup> MAA, if the valuation of an IPO or a trade sale is less than a specified valuation as set out in the 2<sup>nd</sup> 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 2<sup>nd</sup> 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:

	\$
<b>At January 1, 2021</b>	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>
<b>At December 31, 2021</b>	<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>

**ACT Genomics Holdings Company Limited**  
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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 \$
<b>At January 1, 2021</b>	(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
<b>At December 31, 2021</b>	<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>



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

**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>
<b>Number of authorized shares</b>			
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>	
<b>Issued and fully paid:</b>							
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.

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**Consolidated financial statements for the year ended December 31, 2021**

**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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**Consolidated financial statements for the year ended December 31, 2021**

**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:

	\$
<b>At January 1, 2021</b>	677,563
Acquisitions of subsidiaries	36,771
Impairment loss recognized during the year	738,103
Exchange adjustments	37,227
<b>At December 31, 2021</b>	<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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**Consolidated financial statements for the year ended December 31, 2021**

**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>
<b>At December 31, 2021</b>					
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

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

**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 \$
<b>Recurring fair value measurements</b>				
<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.

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**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>



**ACT Genomics Holdings Company Limited**  
**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 \$
<b>Revenue</b>	3	11,398,374
Cost of sales		(5,099,358)
<b>Gross profit</b>		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)
<b>Loss from operations</b>		(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)
<b>Loss before taxation</b>	5	(46,914,213)
Income tax	6	(615,141)
<b>Loss for the period</b>		(47,529,354)
<b>Attributable to:</b>		
Equity shareholders of the Company		(47,473,160)
Non-controlling interests		(56,194)
<b>Loss for the period</b>		(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 \$
<b>Loss for the period</b>	(47,529,354)
<b>Other comprehensive income for the period</b>	
<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
<b>Total comprehensive income for the period</b>	<u>(44,511,700)</u>
<b>Attributable to:</b>	
Equity shareholders of the Company	(44,493,486)
Non-controlling interests	(18,214)
<b>Total comprehensive income for the period</b>	<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)*

	<b>Note</b>	<b>September 30, 2022 \$</b>	<b>December 31, 2021 \$</b>
<b>Assets</b>			
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
<b>Non-current assets</b>		<b>19,544,794</b>	<b>24,628,601</b>
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
<b>Current assets</b>		<b>12,499,264</b>	<b>13,989,004</b>
<b>Total assets</b>		<b>32,044,058</b>	<b>38,617,605</b>
<b>Liabilities</b>			
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
<b>Current liabilities</b>		<b>29,023,572</b>	<b>25,738,937</b>
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
<b>Non-current liabilities</b>		<b>197,640,702</b>	<b>194,894,759</b>
<b>Total liabilities</b>		<b>226,664,274</b>	<b>220,633,696</b>
<b>Equity</b>			
Share capital		15,224	14,561
Reserves		(194,295,201)	(181,708,627)
<b>Total deficit attributable to equity shareholders of the Company</b>	11	<b>(194,279,977)</b>	<b>(181,694,066)</b>
Non-controlling interests		(340,239)	(322,025)
<b>Total deficit</b>		<b>(194,620,216)</b>	<b>(182,016,091)</b>
<b>Total deficit and liabilities</b>		<b>32,044,058</b>	<b>38,617,605</b>

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						Total \$	Non- controlling interests \$	Total deficit \$
	Share capital \$	Capital reserve \$	Other reserve \$	Stock compensation reserve \$	Exchange reserve \$	Accumulated losses \$			
<b>At January 1, 2022</b>	14,561	(20,404,665)	16,273,498	2,256,823	(934,979)	(178,899,304)	(181,694,066)	(322,025)	(182,016,091)
<b>Changes in equity for the period:</b>									
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
<b>At September 30, 2022</b>	<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)*

	\$
<b>Cash flows from operating activities</b>	
Cash used in operations	(3,325,817)
<b>Net cash used in operating activities</b>	<u>(3,325,817)</u>
<b>Cash flows from investing activities</b>	
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
<b>Net cash used in investing activities</b>	<u>(421,136)</u>
<b>Cash flows from financing activities</b>	
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)
<b>Net cash generated from financing activities</b>	<u>4,182,027</u>
<b>Net increase in cash and cash equivalents</b>	435,074
<b>Cash and cash equivalents at January 1, 2022</b>	6,223,890
Effect of foreign exchange rate changes	(293,495)
<b>Cash and cash equivalents at September 30, 2022</b>	<u><u>6,365,469</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**

**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 \$
<b>Revenue from contracts with customers within the scope of IFRS 15</b>	
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 \$
<b>(a) Other revenue</b>	
Bank interest income	<u>2,219</u>
<b>(b) Other net loss</b>	
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**

	<b>For the nine months ended September 30, 2022</b>
	<b>\$</b>
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**

	<b>For the nine months ended September 30, 2022</b>
	<b>\$</b>
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**

	<b>For the nine months ended September 30, 2022</b>
	<b>\$</b>
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>5,130,138</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 \$
<b>Deferred tax</b>	
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 \$
<b>Current portion</b>		
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>
<b>Non-current portion</b>		
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:

	\$
<b>At January 1, 2022</b>	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)
<b>At September 30, 2022</b>	<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:

	\$
<b>At January 1, 2022</b>	<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>
<b>At September 30, 2022</b>	<u><u>15,100,000</u></u>

**11 Share capital**

*Authorized share capital*

	Investor Ordinary Shares	Existing Shareholder Ordinary Shares	Other Ordinary Shares
<b>Number of authorized shares</b>			
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 \$	
<b>Issued and fully paid:</b>							
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
<b>At September 30, 2022</b>	<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	<u>(2,482,134)</u>	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 \$
<b>Recurring fair value measurements</b>				
<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*

	<b>For the nine months ended September 30, 2022</b>
Sales to an associate	<u>\$ 335,582</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 \$
<b>Revenue</b>	5(B), 6	275,761,298	275,852,753	65,179,515
Direct costs		(144,206,412)	(169,721,542)	(38,834,696)
<b>Gross profit</b>		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)
<b>Loss from operations</b>		(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)
<b>Loss before taxation</b>	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)
<b>Other comprehensive income for the year</b>				
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
<b>Total comprehensive income for the year</b>		(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 \$
<b>Loss attributable to:</b>				
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>
<b>Total comprehensive income attributable to:</b>				
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>
<b>Loss per share</b>				
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.

[Table of Contents](#)**Consolidated statements of financial position***(Expressed in United States dollars unless otherwise indicated)*

	Note	2022 \$	2021 \$
<b>Assets</b>			
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
<b>Non-current assets</b>		<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
<b>Current assets</b>		<u>241,810,317</u>	<u>106,892,532</u>
<b>Total assets</b>		<u><u>312,131,231</u></u>	<u><u>148,507,321</u></u>
<b>Liabilities</b>			
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	—
<b>Non-current liabilities</b>		<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
<b>Current liabilities</b>		<u>57,195,115</u>	<u>58,737,734</u>
<b>Total liabilities</b>		<u><u>68,668,371</u></u>	<u><u>549,402,234</u></u>

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[Table of Contents](#)**Consolidated statements of financial position (continued)***(Expressed in United States dollars unless otherwise indicated)*

	Note	2022 \$	2021 \$
<b>Equity</b>			
Share capital	28	13,698	1,493
Reserves		237,050,429	(400,811,431)
Total equity/(equity deficiency) attributable to equity shareholders of the Company		237,064,127	(400,809,938)
Non-controlling interests		6,398,733	(84,975)
<b>Total equity/(equity deficiency)</b>		243,462,860	(400,894,913)
<b>Total equity and liabilities</b>		312,131,231	148,507,321

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 \$			Sub-total \$
<b>Balance at January 1, 2020</b>		45,691,346	—	—	(813,749)	—	13,669,801	(41,641,482)	16,905,916	(53,210)	16,852,706
<b>Changes in equity for the year:</b>											
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											
Vesting of shares under the restricted share scheme	29	—	—	—	—	—	1,617,469	—	1,617,469	—	1,617,469
Issuance of exchange loan notes	29	—	—	—	—	—	48,622	—	48,622	—	48,622
Shares issued upon conversion of exchange loan notes		—	—	—	—	12,870,723	—	—	12,870,723	—	12,870,723
		7,549,258	—	—	—	(7,549,258)	—	—	—	—	—
<b>Balance at December 31, 2020 and January 1, 2021</b>		53,240,604	—	—	767,623	5,321,465	15,335,892	(43,581,171)	31,084,413	(77,406)	31,007,007
<b>Changes in equity for the year:</b>											
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											
Vesting of shares under the restricted share scheme	29	—	—	—	—	—	22,494,918	—	22,494,918	—	22,494,918
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)
<b>Balance at December 31, 2021</b>		<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
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Balance at January 1, 2022</b>		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)
<b>Changes in equity for the year:</b>											
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)
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
<b>Balance at December 31, 2022</b>		<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 \$
<b>Cash flows from operating activities</b>				
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	—	—
<b>Cash generated from/(used in) operating activities</b>		14,574,100	13,396,213	(2,760,862)
Income taxes (paid)/refund		(59,504)	20,284	(118,849)
<b>Net cash from/(used in) operating activities</b>		14,514,596	13,416,497	(2,879,711)

[Table of Contents](#)**Consolidated statements of cash flows (continued)***(Expressed in United States dollars unless otherwise indicated)*

	Note	2022 \$	2021 \$	2020 \$
<b>Cash flows from investing activities</b>				
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
<b>Net cash used in investing activities</b>		<b>(46,144,693)</b>	<b>(22,021,580)</b>	<b>(5,974,843)</b>
<b>Cash flows from financing activities</b>				
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
<b>Net cash from financing activities</b>		<b>143,318,808</b>	<b>29,316,942</b>	<b>11,842,860</b>
<b>Net increase in cash and cash equivalents</b>		<b>111,688,711</b>	<b>20,711,859</b>	<b>2,988,306</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>35,288,952</b>	<b>14,489,880</b>	<b>11,521,505</b>
<b>Effect of foreign exchange rate changes</b>		<b>(317,468)</b>	<b>87,213</b>	<b>(19,931)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>146,660,195</b>	<b>35,288,952</b>	<b>14,489,880</b>

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.

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### **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> \$
<b>2022</b>				
Revenue	15,774,457	259,986,841	—	275,761,298
Gross profit	6,538,453	127,180,380	(2,163,947)	131,554,886
<b>2021</b>				
Revenue	16,571,535	259,281,218	—	275,852,753
Gross profit	7,546,593	100,125,889	(1,541,271)	106,131,211
<b>2020</b>				
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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[Table of Contents](#)**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>

[Table of Contents](#)**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 \$
<b>Current tax - Hong Kong Profits Tax</b>			
Provision for the year	7,338,274	1,164,222	—
<b>Current tax - Overseas</b>			
Provision for the year	88,463	38,475	19,671
<b>Deferred tax</b>			
Origination and reversal of temporary differences	(279,633)	2,530,047	(1,957,229)
<b>Tax expense/(credit)</b>	<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 crystallized 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>
<b>Deferred tax arising from:</b>				
<b>At January 1, 2020</b>	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
<b>At December 31, 2020 and January 1, 2021</b>	364,745	(3,347,753)	1,031,854	(1,951,154)
Charged to profit or loss	906,775	1,528,881	94,391	2,530,047
Exchange differences	(3,839)	9,710	(4,968)	903
<b>At December 31, 2021 and January 1, 2022</b>	1,267,681	(1,809,162)	1,121,277	579,796
(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)
<b>At December 31, 2022</b>	<u>335,440</u>	<u>(243,449)</u>	<u>2,850,000</u>	<u>2,941,991</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>



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[Table of Contents](#)**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	(190,453,333)	(174,009,273)	(1,939,689)
<u>Number of shares</u>			
Weighted-average number of ordinary shares	76,039,727	14,596,997	13,176,752

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>
<b>Cost:</b>								
<b>At January 1, 2021</b>	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
<b>At December 31, 2021 and January 1, 2022</b>	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)
<b>At December 31, 2022</b>	14,070,080	7,476,367	36,874	15,686,654	518,727	365,113	—	38,153,815
<b>Accumulated depreciation and impairment loss:</b>								
<b>At January 1, 2021</b>	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
<b>At December 31, 2021 and January 1, 2022</b>	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
<b>At December 31, 2022</b>	8,318,962	4,996,848	22,380	11,175,459	321,290	216,330	—	25,051,269
<b>Carrying amounts:</b>								
<b>At December 31, 2022</b>	5,751,118	2,479,519	14,494	4,511,195	197,437	148,783	—	13,102,546
<b>At December 31, 2021</b>	5,314,425	2,439,265	22,048	3,651,416	287,059	329,538	993,441	13,037,192

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**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:

	<i>Note</i>	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	47,352	7,233	8,048
	<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.

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**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 \$
<b>Cost:</b>						
<b>At January 1, 2021</b>	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)
<b>At December 31, 2021 and January 1, 2022</b>	<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)
<b>At December 31, 2022</b>	<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>
<b>Accumulated amortization and impairment loss:</b>						
<b>At January 1, 2021</b>	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)
<b>At December 31, 2021 and January 1, 2022</b>	<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)
<b>At December 31, 2022</b>	<u>1,151,685</u>	<u>21,142,022</u>	<u>—</u>	<u>685,508</u>	<u>—</u>	<u>22,979,215</u>
<b>Carrying amounts:</b>						
<b>At December 31, 2022</b>	<u>60,632</u>	<u>12,945,558</u>	<u>—</u>	<u>979,685</u>	<u>800,000</u>	<u>14,785,875</u>
<b>At December 31, 2021</b>	<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).

	\$
<b>At January 1, 2021</b>	3,993,007
Exchange differences	(14,942)
<b>At December 31, 2021 and January 1, 2022</b>	3,978,065
Additions from acquisition (note 33(D))	33,800,276
Impairment loss (note 8(c))	(3,272,253)
Exchange differences	(705,812)
<b>At December 31, 2022</b>	<u>33,800,276</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
<b>CGU of cancer genetic testing services</b>	
Pre-tax discount rate	17.7%
Terminal value growth rate	3.0%
Average revenue growth rate	31.1%
<b>CGU of sales of medical diagnostics products</b>	
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
<b>CGU Prevention EMEA</b>		
Pre-tax discount rate	16.8%	16.0%
Terminal value growth rate	3.2%	3.0%
Average revenue growth rate	25.1%	24.4%
<b>CGU Diagnostics EMEA</b>		
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 %	
("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 \$
<b>Current</b>		
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>
<b>Non-current</b>		
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 \$
<b>Financial assets measured at fair value through profit or loss ("FVPL")</b>		
- 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 \$
<b>At January 1</b>	9,906,000	—
Additions	20,000,000	10,000,000
Redemption	(3,004,897)	—
Changes in fair value recognized in profit or loss	(9,363,495)	(94,000)
<b>At December 31</b>	<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 \$
<b>Current</b>		
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>
<b>Non-current</b>		
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.

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**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 \$
<b>Contract liabilities</b>	<u>5,674,290</u>	<u>9,587,245</u>

Movement in contract liabilities is as follows:

	2022 \$	2021 \$
<b>At January 1</b>	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>
<b>At December 31</b>	<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.

	Lease liabilities \$ (note 22)	Trade financing \$ (note 23(a))	Convertible securities \$ (note 24)	Preference shares liabilities \$ (note 25)	Amounts due to shareholders \$	Total \$
<b>At January 1, 2021</b>	1,669,857	—	15,346,113	—	133,314	17,149,284
<b>Changes from financing cash flows:</b>						
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
<b>Other changes:</b>						
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
<b>At December 31, 2021</b>	<u>5,267,210</u>	<u>—</u>	<u>—</u>	<u>486,404,770</u>	<u>—</u>	<u>491,671,980</u>



[Table of Contents](#)**23 Loans and borrowings (continued)**

	<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> \$
<b>At January 1, 2022</b>	5,267,210	—	—	486,404,770	—	491,671,980
<b>Changes from financing cash flows:</b>						
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)
<b>Other changes:</b>						
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)
<b>At December 31, 2022</b>	<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.

[Table of Contents](#)**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>
<b>At January 1, 2021</b>	—	—	—
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
<b>At December 31, 2021 and January 1, 2022</b>	<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>
<b>At December 31, 2022</b>	<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 \$
<b>At January 1</b>	—
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>
<b>At December 31</b>	<u>3,574,885</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 \$
<b>At January 1</b>	—
Issuance of puttable financial instrument	<u>17,138,905</u>
<b>At December 31</b>	<u>17,138,905</u>

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**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**

	Note	2022		2021	
		No. of shares	\$	No. of shares	\$
Authorized ordinary shares of \$1 / \$0.0001 each	(ii)	50,000	50,000	500,000,000	50,000
<b>Ordinary shares, issued and fully paid:</b>					
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
<b>Series A preference shares, issued and fully paid:</b>					
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		—	—	—	—
<b>Series B preference shares, issued and fully paid:</b>					
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		—	—	—	—
<b>Series C preference shares, issued and fully paid:</b>					
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.



[Table of Contents](#)**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>
<b>Class A ordinary shares, issued and fully paid:</b>			
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>
<b>Class B ordinary shares, issued and fully paid:</b>			
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>

## 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.

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### **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.

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### 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:

	<u>2022</u>	
	<u>Weighted average exercise price \$</u>	<u>Number of RSUs</u>
At January 1	—	—
Granted	0.01	3,537,409
Cancelled	0.01	(75,031)
Exercised	0.01	(1,102,111)
Outstanding at December 31	<u>0.01</u>	<u>2,360,267</u>
Exercisable at December 31	<u>0.01</u>	<u>16,775</u>

**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>
<b>Fair value of RSU and key assumptions</b>	
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	
	<u>Weighted average exercise price</u>	<u>Number of RSUs</u>	<u>Weighted average exercise price</u>	<u>Number of RSUs</u>
	\$		\$	
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 united 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 \$
<b>Unvested restricted shares subject to claw-back, at January 1</b>	451,682
Vested and not subject to claw-back	<u>(451,682)</u>
<b>Unvested restricted shares subject to claw-back, at December 31</b>	<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 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> \$
<b>Financial asset measured at fair value</b>			
Financial assets at FVPL	18	17,537,608	9,906,000
<b>Financial assets at amortized cost</b>			
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>
<b>Financial liabilities measured at fair value</b>			
Preference shares liabilities	25	—	486,404,770
Warrant liabilities	26	3,574,885	—
		<u>3,574,885</u>	<u>486,404,770</u>
<b>Financial liabilities at amortized cost</b>			
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 \$
<b>Recurring fair value measurements</b>				
<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 \$
<b>Recurring fair value measurements</b>				
<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"> <li>• the risk-adjusted discount rate was lower (higher);</li> <li>• the discount for lack of marketability was lower (higher); or</li> <li>• the expected volatility was higher (lower)</li> </ul>

**(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.

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**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 \$
<b>At January 1</b>	518,968	411,059
Net remeasurement of loss allowance	(136,493)	110,114
Amounts written off	(33,808)	—
Exchange differences	(20,118)	(2,205)
<b>At December 31</b>	<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 \$
<b>At December 31, 2022</b>					
<b>Non-derivative financial liabilities</b>					
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 \$
<b>At December 31, 2021</b>					
<b>Non-derivative financial liabilities</b>					
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> \$
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> \$
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	
	<i>Increase/ (decrease) in foreign exchange rates %</i>	<i>Effect on loss after tax and accumulated losses \$</i>	<i>Increase/ (decrease) in foreign exchange rates %</i>	<i>Effect on loss after tax and accumulated losses \$</i>
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
<b>Total consideration transferred</b>	<u>49,783,820</u>
<b>Net cash outflow arising on acquisition:</b>	
Cash consideration	9,041,776
Less: cash and cash equivalent balances acquired (note 33(C))	5,623,061
<b>Total net cash outflow arising on acquisition</b>	<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)
<b>Total identifiable net assets acquired</b>	<b><u>22,467,306</u></b>

#### *Measurement of fair values*

The valuation technique used for measuring the fair value of material assets acquired was as follow.

##### **Assets acquired**

Property, plant and equipment

##### **Valuation technique**

*Cost technique:* The valuation model considers market prices for depreciated replacement cost when appropriate. Depreciated replacement cost reflects functional and economic obsolescence.

Intangible assets

*Multi-period excess earnings method:* 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>
<b>Goodwill (note 13)</b>	<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)).



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### **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 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.

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**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.

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 6. Indemnification of Directors and Officers**

The laws of the Cayman Islands do 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 Islands courts to be contrary to public policy, such as to provide indemnification against willful default, willful neglect, civil fraud or the consequences of committing a crime. Our Amended Articles provides for indemnification of our officers and directors to the maximum extent permitted by law, including for any liability incurred in their capacities as such, except through their own actual fraud or willful default.

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.

In addition, we maintain standard policies of insurance under which coverage is provided to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and to us with respect to payments which may be made by us to such directors and officers pursuant to the above indemnification provision or otherwise as a matter of law.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to 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 theretofore unenforceable.

**Item 7. Recent Sales of Unregistered Securities**

In the past three years, we have issued the following securities that were not registered under the Securities Act. Each of these securities were issued in reliance upon the exemptions provided by Section 4(a)(2) and/or Regulation S under the Securities Act. No underwriters were involved in these issuances of securities.

- On May 18, 2022, in connection with the Business Combination and the related transactions described in this registration statement, we issued 14,938,200 Class A Ordinary Shares to the PIPE Investors and Forward Purchase Investors in reliance on the exemption from registration under Section 4(a)(2) of the Securities Act. Such Class A Ordinary Shares are being registered pursuant to this registration statement.
- On May 17 and May 18, 2022, in connection with the Business Combination and the related transactions described in this registration statement, we issued 6,041,007 Warrants to former warrant holders of Artisan and Forward Purchase Investors in reliance on the exemption from registration under Section 4(a)(2) of the Securities Act. Such Warrants are being registered pursuant to this registration statement.

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### Item 8. Exhibits

Exhibit No.	Description	Incorporation by Reference			
		Form	File No.	Exhibit No.	Filing Date
2.1	<a href="#">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.</a>	F-4	333-260928	2.1	March 30, 2022
2.2	<a href="#">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.</a>	F-4	333-260928	2.2	March 30, 2022
3.1	<a href="#">Amended and Restated Memorandum and Articles of Association of Prenetics Global Limited.</a>	20-F	001-41401	1.1	May 27, 2022
4.1	<a href="#">Specimen ordinary share certificate of Prenetics Global Limited.</a>	F-4	333-260928	4.1	March 30, 2022
4.2	<a href="#">Specimen warrant certificate of Prenetics Global Limited.</a>	F-4	333-260928	4.2	March 30, 2022
4.3	<a href="#">Warrant Agreement, dated May 13, 2021, between Artisan and Continental Stock Transfer &amp; Trust Company.</a>	F-4	333-260928	4.3	March 30, 2022
5.1	<a href="#">Opinion of Mourant Ozannes as to validity of ordinary shares of Prenetics Global Limited.</a>	F-1	333-265284	5.1	June 28, 2022
5.2	<a href="#">Opinion of Skadden, Arps, Slate, Meagher &amp; Flom LLP as to the warrants of Prenetics Global Limited.</a>	F-1	333-265284	5.2	June 28, 2022
10.1	<a href="#">Form of PIPE Subscription Agreements.</a>	F-4	333-260928	10.1	March 30, 2022
10.2	<a href="#">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.</a>	F-4	333-260928	10.2	March 30, 2022
10.3	<a href="#">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.</a>	F-4	333-260928	10.3	March 30, 2022
10.4	<a href="#">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.</a>	F-4	333-260928	10.4	March 30, 2022

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Exhibit No.	Description	Incorporation by Reference			
		Form	File No.	Exhibit No.	Filing Date
10.5	<a href="#">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.</a>	F-4	333-260928	10.5	March 30, 2022
10.6	<a href="#">Shareholder Support Agreements 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.</a>	F-4	333-260928	10.6	March 30, 2022
10.7	<a href="#">Shareholder Support Agreements 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.</a>	F-4	333-260928	10.7	March 30, 2022
10.8	<a href="#">Assignment, Assumption and Amendment Agreement, dated as of September 15, 2021, by and among Prenetics Global Limited, Artisan Acquisition Corp. and Continental Stock Transfer &amp; Trust Company.</a>	F-4	333-260928	10.8	March 30, 2022
10.9	<a href="#">2022 Share Incentive Plan.</a>	20-F	000-41401	4.4	May 27, 2022
10.10	<a href="#">Form of Indemnification Agreement between Prenetics Global Limited and each executive officer of Prenetics Global Limited.</a>	F-4	333-260928	10.10	March 30, 2022
10.11	<a href="#">Letter Agreement, dated May 13, 2021, among Artisan, the Sponsor and Artisan's officer and directors</a>	F-4	333-260928	10.11	March 30, 2022
10.12	<a href="#">Investment Management Trust Agreement, dated May 13, 2021, between Artisan and Continental Stock Transfer &amp; Trust Company.</a>	F-4	333-260928	10.12	March 30, 2022
10.13	<a href="#">Promissory Note, dated February 4, 2021, between Artisan and Sponsor.</a>	F-4	333-260928	10.13	March 30, 2022
10.14#	<a href="#">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.</a>	20-F	000-41401	4.13	May 1, 2023
10.15#	<a href="#">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.</a>	20-F	000-41401	4.14	May 1, 2023



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Exhibit No.	Description	Incorporation by Reference			
		Form	File No.	Exhibit No.	Filing Date
10.16#	<a href="#">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.</a>	F-4	333-260928	10.17	March 30, 2022
10.17	<a href="#">Deed of Joinder, dated October 1, 2021, by and among Prenetics Global Limited, Prenetics Group Limited, Artisan Acquisition Corp. and Prudential Hong Kong Limited.</a>	F-4	333-260928	10.18	March 30, 2022
10.18	<a href="#">Form of Amendment to PIPE Subscription Agreements.</a>	F-4	333-260928	10.19	March 30, 2022
10.19	<a href="#">Form of Deed of Amendment to Deed of Novation and Amendment.</a>	F-4	333-260928	10.20	March 30, 2022
10.20	<a href="#">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.</a>	F-4	333-260928	10.21	March 30, 2022
10.21	<a href="#">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.</a>	F-4	333-260928	10.22	March 30, 2022
10.22	<a href="#">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.</a>	F-4	333-260928	10.23	March 30, 2022
10.23*	<a href="#">Share Sale Agreement, dated as of June 25, 2023, by and among Lo Yuk Ming Dennis, Chan Kwan Chee and Prenetics Global Limited.</a>				
10.24*	<a href="#">Share Subscription Agreement, dated as of June 25, 2023, by and between Insighta Holdings Limited and Prenetics Global Limited.</a>				
21.1	<a href="#">List of subsidiaries of Prenetics Global Limited.</a>	20-F	000-41401	8.1	May 1, 2023
23.1*	<a href="#">Consent of KPMG.</a>				
23.2*	<a href="#">Consent of KPMG.</a>				
23.3	<a href="#">Consent of Frost &amp; Sullivan.</a>	F-1	333-265284	23.3	June 28, 2022
23.4	<a href="#">Consent of Mourant Ozannes (included in Exhibit 5.1).</a>	F-1	333-265284	23.4	June 28, 2022

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Exhibit No.	Description	Incorporation by Reference			
		Form	File No.	Exhibit No.	Filing Date
23.5	<a href="#">Consent of Skadden, Arps, Slate, Meagher &amp; Flom LLP (included in Exhibit 5.2).</a>	F-1	333-265284	23.5	June 28, 2022
23.6	<a href="#">Consent of DaHui Lawyers.</a>	F-1	333-265284	23.6	June 28, 2022
24.1	<a href="#">Power of Attorney.</a>	F-1	333-265284	24.1	June 28, 2022
107	<a href="#">Calculation of Filing Fee Table</a>	F-1	333-265284	107	June 10, 2022

\* Filed herewith

# 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.

### **Item 9. Undertakings**

The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
  - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933 need not be furnished, provided, that the Registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.
- (5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:
  - (i) If the Registrant is relying on Rule 430B:
    - (A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

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- (B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or
- (ii) If the Registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**SIGNATURE**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Hong Kong, on July 6, 2023.

**Prenetics Global Limited**

By: /s/ Danny Sheng Wu Yeung

Name: Danny Sheng Wu Yeung

Title: Chief Executive Officer

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Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>CAPACITY</u>	<u>DATE</u>
<u>/s/ Danny Sheng Wu Yeung</u> Danny Sheng Wu Yeung	Chief Executive Officer and Chairman of the Board of Directors ( <i>Principal Executive Officer</i> )	July 6, 2023
<u>/s/ Lo Hoi Chun</u> Lo Hoi Chun	Chief Financial Officer ( <i>Principal Financial and Accounting Officer</i> )	July 6, 2023
<u>*</u> Cheng Yin Pan	Independent Director	July 6, 2023
<u>*</u> Cui Zhanfeng	Director	July 6, 2023
<u>*</u> Ian Ying Woo	Independent Director	July 6, 2023
<u>*</u> Chiu Wing Kwan Winnie	Independent Director	July 6, 2023
*By: <u>/s/ Danny Sheng Wu Yeung</u> Danny Sheng Wu Yeung Attorney-in-Fact		

**AUTHORIZED REPRESENTATIVE**

Pursuant to the requirement of the Securities Act of 1933, the undersigned, solely in his capacity as the duly authorized representative of Prenetics Global Limited, has signed this registration statement in the City of New York, New York, on July 6, 2023.

Authorized U.S. Representative

**Cogency Global Inc.**

By: /s/ Colleen A. De Vries

Name: Colleen A. De Vries

Title: Senior Vice President

**SHARE SALE AGREEMENT**

Dated 25 June 2023

Lo Yuk Ming Dennis  
Chan Kwan Chee  
(collectively the “**Vendors**”)

and

Prenetics Global Limited  
(the “**Purchaser**”)

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## GENERAL TERMS

### 1 INTERPRETATION

#### 1.1 Definitions

These meanings apply unless the contrary intention appears.

**Affiliate** of any Person means any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the specified Person. For purposes of this definition, a Person shall be deemed to be “controlled by” another Person if the other possesses, directly or indirectly, power either (i) to vote fifty percent (50%) or more of the securities having voting power for the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

**Allen Chan** means Chan Kwan Chee.

**Amended Articles** has the meaning given to it under the Insighta Subscription Agreement.

**Articles** means (a) with respect to the Company, the memorandum and articles of association adopted by the Company and in effect from time to time, and (b) with respect to Purchaser, the memorandum and articles of association adopted by the Purchaser in effect from time to time.

**Board** means the board of directors of a company.

**Business Day** means a day other than a Saturday, Sunday or other day on which commercial banks in Hong Kong, the State of New York, the USA or the Cayman Islands are required or authorized by law to be closed, or on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

**Class A Shares** means Class A ordinary shares with par value of US\$0.0001 each in the share capital of the Company, each having the rights, benefits and privileges of a “Class A ordinary share” as set out in the Articles of the Company, each a “**Class A Share**”.

**Class B Shares** means Class B ordinary shares with par value of US\$0.0001 each in the share capital of the Company, each having the rights, benefits and privileges of a “Class B ordinary share” as set out in the Articles of the Company, each a “**Class B Share**”.

**Completion** means completion of the sale and purchase of the Sale Shares in accordance with Clause 4 and “**Complete**” has a corresponding meaning.

**Completion Date** means the Business Day three (3) Business Days after the satisfaction or waiver of the Conditions, in accordance with the terms of this agreement, or any other date agreed in writing by the Vendors and the Purchaser.

**Conditions** means the conditions precedents set out in Clause 2.2 and any one of them, a “**Condition**”.

**Confidential Information** means all information (regardless of its form) disclosed to a Party (or to its Affiliates or Representative) under or in connection with this agreement as well as the terms of this agreement or the other Transaction Documents. The term does not include information which:

- (a) is in the public domain other than through breach of this agreement or an obligation of confidence owed to the discloser or any Affiliate of the discloser;
- (b) was already known to the receiver at the time of that disclosure (unless that knowledge arose from a breach of an obligation of confidentiality); or
- (c) the receiver acquires from a source other than the discloser (or any Affiliate or Representative of the discloser), where that source is entitled to disclose it.

**Consideration Shares** means such number of class A ordinary shares of the Purchaser set out in Clause 3.2, each with par value of US\$0.0001, which are fully paid up or credited as fully paid up, and are registered or registrable securities of the Purchaser which shall rank in all respects *pari passu* with the existing issued and fully paid class A ordinary shares in the share capital of the Purchaser as provided under the then Articles of the Purchaser at the time of Completion, and as of Completion the Purchaser has not exercised or purported to exercise or claimed any lien over it.

**Deeds** has the meaning given to it under the Insighta Subscription Agreement.

**Dennis Lo** means Lo Yuk Ming Dennis.

**Details** means the section of this agreement headed "Details".

**Director Service Agreement** has the meaning given to it in Clause 2.2A(d).

**Encumbrance** means any mortgage, lien, charge, pledge, restriction, assignment, hypothecation, security interest, title retention or any other arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal or right of pre-emption), or any arrangement to create any of the same.

**End Date** means 15 August 2023 or such other date as may be agreed by the Parties.

**Fifth Lock-up Period** has the meaning given to it in Clause 5.3.

**First Lock-up Period** has the meaning given to it in Clause 5.3.

**Fourth Lock-up Period** has the meaning given to it in Clause 5.3.

**Government Agency** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

**Group** means the Company and the Subsidiaries, and any one of them, the "**Group Member**" and "**Group Members**" shall be construed accordingly.

**Hong Kong** means the Hong Kong Special Administrative Region of the People's Republic of China.

**Insighta Subscription Agreement** means the share subscription agreement with respect to the Purchaser's subscription for 800,000 Class A Shares by and between Purchaser and the Company which is made and entered into about the same time as this agreement.

**Issue Price** means US\$0.90, which shall be the average of the daily volume weighted average price of the shares of the Purchaser on Nasdaq in the 30 preceding trading days immediately prior to the date of this agreement.

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**Locked-up Shares** means with respect to each Vendor, any and all Consideration Shares he receives at Completion and any other equity securities issued by Purchaser in respect thereof as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation.

**Nasdaq** means the Nasdaq Stock Market.

**Nomination Right** has the meaning given to it in Clause 3.4.

**Nomination Right Letter** means the letter signed by the Board of the Purchaser and Danny Sheng Wu Yeung, being the majority shareholder of the Purchaser, which grants Dennis Lo the Nomination Right and is substantially in the form of Schedule 3.

**Person** means any individual, firm, company, unincorporated association, trust, government, state or agency of state, association, joint venture or partnership, in each case whether or not having a separate legal personality.

**Prospectus** means the prospectus in the form included in the Registration Statement, as supplemented from time to time by any prospectus supplement, including the documents incorporated by reference therein.

**Registration Rights Agreement** means the Registration Rights Agreement substantially in the form of Schedule 2.

**Registration Statement** means a registration statement on Form F-1 under the Securities Act, or other relevant registration statement, to be filed by the Purchaser with the United States Securities and Exchange Commission following Completion, with respect to the registration of the Consideration Shares pursuant to the Registration Rights Agreement.

**Representative** means an employee, agent, officer, director, auditor, adviser, partner, associate, consultant, joint venturer or sub-contractor of a Party or of an Affiliate of that Party.

**Sale Shares** means the 200,000 Class A Shares representing approximately 16.67% of the total issued shares of the Company as of immediately before Completion, which are legally and beneficially owned by the Vendors collectively as specified under Clause 2.1.

**SEC** means the United States Securities and Exchange Commission

**Second Lock-up Period** has the meaning given to it in Clause 5.3.

**Securities Act** means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

**Securities Exchange Act** means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

**Share Subscriptions** means (i) the Purchaser's subscription for 800,000 Class A Shares as contemplated under the Insighta Subscription Agreement; and (ii) the Purchaser's subscription for 1,024 ordinary shares in Take2 as contemplated under the Take2 Subscription Agreement.

**Shareholders' Agreement** has the meaning given to it under the Insighta Subscription Agreement.

**Shares** means Class A Shares and Class B Shares.

**Sixth Lock-up Period** has the meaning given to it in Clause 5.3.

**Subsidiary** means as of the relevant date of determination, with respect to any Person (the “**subject entity**”), (i) any Person (x) more than fifty percent (50%) of whose shares or other interests entitled to vote in the election of directors or (y) more than a fifty percent (50%) interest in the profits or capital of such Person are owned or controlled directly or indirectly by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any Person whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with any accounting standard, or (iii) any Person with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary. For the avoidance of doubt, the Subsidiaries of the Company shall include the Group Members.

**Take2** means Take2 Holdings Limited, a company incorporated under the laws of the Cayman Islands with registered number 354966 and having its registered office at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

**Take2 Subscription Agreement** means the share subscription agreement with respect to Purchaser’s subscription for 1,024 ordinary shares in Take2, by and between Purchaser and Take2 which is made and entered into about the same time as this agreement.

**Third Lock-up Period** has the meaning given to it in Clause 5.3.

**Transaction** means the sale and purchase of the Sale Shares in accordance with the terms of this agreement.

**Transaction Documents** means this agreement, Nomination Right Letter, Registration Rights Agreements, the Insighta Subscription Agreement, the Amended Articles and the Shareholders’ Agreement, the Deeds and each of the documents, instruments, certificates and other ancillary documents required to be entered into or delivered by the Parties or their respective Affiliates in accordance with the terms of this agreement.

**Transfer** means to directly or indirectly, sell, give, assign, transfer, hypothecate, pledge, charge, mortgage, encumber, grant a security interest in or otherwise dispose of, or grant any right, title or interest (including any contractual or other legal arrangement having the effect of transferring any or all of the benefits of ownership), in, or suffer to exist (whether by operation of law or otherwise) any Encumbrance, the use of “**Transfer**” as a noun, “**Transferring**”, “**Transferred**”, “**Transferor**” and “**Transferee**” shall be construed accordingly.

**US\$** means the lawful currency of the United States of America.

## 1.2 Recitals, schedules, etc.

References to this agreement shall include the Recitals and Schedules which form part of this agreement for all purposes. The Recitals do not create binding obligations on a Party. References in this agreement to the “Parties”, the “Recitals”, “Schedules” and “Clauses” are references respectively to the parties and their legal personal representatives, successors and permitted assigns, the recitals and schedules to and clauses of this agreement. References to paragraphs in each Schedule are references to paragraphs in that particular Schedule.

## 1.3 Statutory provisions

All references to statutes, statutory provisions, enactments, directives or regulations shall include references to any consolidation, re-enactment, modification or replacement of them, any statute, statutory provision, enactment, directive or regulation of which it is a consolidation, re-enactment, modification or replacement and any subordinate legislation in force under any of them from time to time.

#### 1.4 References to certain general terms

Unless the contrary intention appears, a reference in this agreement to:

- (a) **(gender)** words in one gender include any other gender, words importing individuals import companies and vice versa;
- (b) **(variations or replacements)** a document (including this agreement) includes any variation or replacement of it;
- (c) **(singular includes plural)** the singular includes the plural and vice versa;
- (d) **(executors, administrators, successors)** a particular Person includes a reference to the Person's executors, administrators, successors, substitutes (including Persons taking by novation) and assigns;
- (e) **(two or more Persons)** an agreement, representation or warranty in favour of two or more Persons is for the benefit of them jointly and each of them individually;
- (f) **(jointly and individually)** unless the context otherwise requires, an agreement, representation or warranty on the part of two or more Persons binds them jointly and each of them individually;
- (g) **(calculation of time)** if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day, when calculating the period of time before which, within which or following which any act is to be done or step taken under this agreement, the date that is the reference date in calculating that period shall be excluded. If the last day of that period is not a Business Day, the period in question shall end on the next Business Day;
- (h) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) **(reference to a group of Persons)** a group of Persons or things is a reference to any two or more of them jointly and to each of them individually;
- (j) **(meaning not limited)** the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as words of limitation and when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (k) **(next day)** if an act under this agreement to be done by a party on or by a given day is done after 5.30 p.m. on that day, it is taken to be done on the next day;
- (l) **(time of day)** references to times of the day are to that time in Hong Kong and references to a day are to a period of 24 hours running from midnight to midnight;
- (m) **(other)** general words introduced by the word "other" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
- (n) **(matter)** references to any "matter" shall be deemed to include any fact, matter, event or circumstance (including any omission to act);



- (o) **(in writing)** references to “**writing**” or “**written**” include any method of reproducing words or text in a legible and non-transitory form and, for the avoidance of doubt, shall include text transmitted by e-mail;
- (p) **(procure)** unless otherwise expressly provided, an obligation on a Party to “**procure**” means exercising such Party’s voting rights and using any and all other powers vested in such Party from time to time as a shareholder of the Company; and
- (q) **(reference to anything)** anything (including any amount is a reference to the whole and each part of it).

**2 SALE OF SHARES**

**2.1 Sale and Purchase of Sale Shares**

A The Vendors agree to sell and transfer to the Purchaser, and the Purchaser agrees to purchase from the Vendors, the legal and beneficial interest of, the Sale Shares and together with all rights which now are or at any time hereafter may become attached to them, including all rights to any dividend or other distribution declared, made or paid after the date of this agreement, free and clear of any Encumbrances. The number and class of Sale Shares to be sold by each of the Vendors to the Purchaser shall be as follows:

<u>Name of Vendor</u>	<u>No. and class of Sale Shares</u>
Dennis Lo	130,000 Class A Shares
Allen Chan	70,000 Class A Shares

- B No Party shall be obliged to complete the sale and purchase of any of the Sale Shares unless the sale and purchase of all the Sale Shares is completed simultaneously in accordance with this agreement.
- C Subject to and contingent upon Completion, each of the Vendors hereby irrevocably and unconditionally waives all pre-emption rights, rights of first refusal, right to a liquidation preference, redemption rights and rights of notice and any similar rights over and with respect to any of the Sale Shares conferred on him by the Articles of the Company or any shareholders agreement with respect to the Company (if any) or in any other way in relation to the Sale Shares under this agreement.

**2.2 Conditions to Completion**

Subject to the fulfilment of the following Conditions, the Vendors and the Purchaser shall proceed with Completion whereupon the Vendors shall sell to the Purchaser and the Purchaser shall acquire from the Vendors the Sale Shares and, in exchange, the Purchaser shall allot and issue the Consideration Shares to the Vendors.

- A The obligations of the Vendors under Clause 2.1 of this agreement to the Purchaser are subject to the fulfilment or waiver at or before the End Date of each of the following Conditions, it being understood and agreed that each such Conditions are solely for the benefit of the Vendors:
  - (a) Representations and Warranties. Each representation and warranty of the Purchaser contained in Clause 6 of this agreement will be true and correct in all material respects as of Completion with the same force and effect as if made on and as of Completion.

- (b) Performance. The Purchaser shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this agreement that are required to be performed or complied with by the Purchaser on or before Completion.
  - (c) Qualifications. The Purchaser shall have obtained as of Completion all consents, authorizations, approvals, permits and waivers that are necessary to be obtained by the Purchaser, including the approval of the Board and shareholders of the Purchaser to the extent necessary, before Completion in connection with the consummation of the transactions contemplated by this agreement.
  - (d) Director Service Agreement. The Purchaser shall have duly executed the director service agreement (in the form agreed between the Parties) pursuant to which and such that Allen Chan shall be nominated and appointed as a director of the Purchaser at or as soon as practicable after Completion provided that such appointment shall only become effective upon the obtaining of all necessary approvals required for Allen Chan to act as a director of the Purchaser (including the approvals of the Chinese University of Hong Kong and Centre for Novostics (the “**Director Service Agreement**”), and for the avoidance of doubt, the obtaining of such approvals shall not be a Condition.
- B The obligations of the Purchaser to consummate the Transaction shall be subject to the fulfilment or waiver at or before the End Date of each of the following Conditions, it being understood and agreed that each such Condition is solely for the benefit of the Purchaser:
- (a) Performance. The Vendors shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this agreement that are required to be performed or complied with by the Vendors on or before Completion.
  - (b) Director Service Agreement. Allen Chan shall have duly executed the Director Service Agreement.
- C The Parties agree that the transactions contemplated under this agreement and the Share Subscriptions are inter-conditional upon each other, accordingly Completion is conditional upon the fulfilment or waiver of the Conditions and the conditions as specified in the Insighta Subscription Agreement and the Take2 Subscription Agreement.

### 2.3 Reasonable best endeavours obligation

Each of the Vendors and the Purchaser must:

- (a) use its reasonable best endeavours to satisfy his/its respective Conditions as set forth in Clause 2.2 (if and where applicable), as soon as reasonably practicable and in any event by the End Date; and
- (b) keep the other Parties informed of any circumstances which may result in any Condition to be satisfied by him/it not being satisfied in accordance with its terms.

## 2.4 Waiver

If a Condition is expressed to be for the benefit of one of the Parties, that Party may at any time waive that Condition by written notice to the other Parties.

## 3 CONSIDERATION

### 3.1 Amount

The consideration for the sale of the Sale Shares by the Vendors to the Purchaser is (i) US\$20,000,000, which shall be settled by the Purchaser allotting and issuing the Consideration Shares to the Vendors and (ii) the Nomination Right.

### 3.2 Consideration Shares

The number of Consideration Shares to be allotted and issued to the Vendors shall be determined by dividing US\$20,000,000 with the Issue Price (rounded up to the nearest whole number) and is hereby agreed and confirmed by the Parties as follows:

<u>Name of allottees</u>	<u>No. of Consideration Shares</u>
Dennis Lo	14,444,444
Allen Chan	7,777,778

### 3.3 Ranking of Consideration Shares

The Consideration Shares shall rank in all respects *pari passu* with the existing issued and fully paid class A ordinary shares in the share capital of the Purchaser as provided under the Articles of the Purchaser as of the Completion.

### 3.4 Nomination Right

The Purchaser shall procure the granting to Dennis Lo, for so long as both the Vendors together in aggregate directly or indirectly hold no less than 3% of the entire issued and outstanding share capital of the Purchaser of the right, but not the obligation, to nominate one director (the first of such nominee shall be Allen Chan) to the Board of the Purchaser, and Dennis Lo shall also be entitled by like means, to the exclusion of all others, to remove any director occupying such position and to fill any vacancy called by the resignation, death or removal of any director occupying such position. The Nomination Right shall survive Completion.

## 4 COMPLETION

### 4.1 Time and place of Completion

- (a) Subject to the terms and conditions of this agreement, Completion shall take place substantially simultaneously with the completion of the Share Subscriptions on the Completion Date at the place (or remotely via exchange of documents and signatures) as may be agreed by the Parties hereto when the events set out in the following provisions of this Clause 4 shall take place.
- (b) For the avoidance of doubt, where all Conditions as described in Clause 2.2 have been fulfilled or duly waived, the Parties shall be obliged to proceed with Completion in accordance with the terms of this agreement.

#### **4.2 Vendors' obligations**

On Completion, each of the Vendors shall deliver or cause to be delivered to the Purchaser:

- (a) the instrument of transfer duly executed by him in respect of the Sale Shares to be transferred by him in favour of the Purchaser;
- (b) the respective letter of application for the Consideration Shares to be allotted to him and all other instruments or documents that the Purchaser may reasonably request from him to give effect to the allotment and subscription for such Vendor's Consideration Shares;
- (c) certified copies of the resolutions of the Board of the Company referred to in Clause 4.4 below;
- (d) a certificate executed by each Vendor dated as of the Completion stating that the Conditions specified in Clause 2.2B hereof have been fulfilled as of the date of the Completion;
- (e) the Transaction Documents (other than this agreement) to which such Vendor is a party, duly executed by such Vendor;
- (f) with respect to Allen Chan only, the duly executed Director Service Agreement;
- (g) a certified true copy of the updated register of members of the Company reflecting as of Completion, the Purchaser holding 1,000,000 Class A Shares in the share capital of the Company (being of all the Sale Shares and the Shares subscribed for pursuant to the Insighta Subscription Agreement); and
- (h) new share certificate(s) with respect to all the Sale Shares in the name of the Purchaser.

#### **4.3 Purchaser's obligations**

Against compliance by each of the Vendors with Clause 4.2, the Purchaser shall:

- (a) deliver to the Vendors a certificate executed by a director of the Purchaser dated as of the Completion stating that the Conditions specified in Clause 2.2A have been fulfilled as of the date of the Completion;
- (b) deliver to the Vendors a certified copy of the resolution as referred to in Clause 4.5 below;
- (c) deliver to Dennis Lo the Nomination Right Letter duly executed by the Purchaser and its majority shareholder, Danny Sheng Wu Yeung;
- (d) deliver to Allen Chan the duly executed Director Service Agreement;
- (e) deliver to the Vendors the Transaction Documents (other than this agreement and the Nomination Right Letter) to which the Purchaser is a party, duly executed by the Purchaser;
- (f) allot and issue, free from all rights of the pre-emption and Encumbrance or any other third-party rights, the Consideration Shares to the Vendors; and

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- (g) deliver the direct registered system (DRS) transaction statement to the Vendors issued by Continental Stock Transfer and Trust Company showing the registration of each Vendor as the registered owner of such Vendor's Consideration Shares.

#### **4.4 Further obligations of the Vendors**

The Vendors shall collectively procure that the Board of the Company shall pass resolutions to approve the entry of this agreement and the other Transaction Documents to which the Company is a party and the transfer of the Sale Shares under this agreement for registration of the Purchaser as a member of the Company, cancel all the prior share certificates held in the name of the Vendors in relation to the Sale Shares, issue the relevant new share certificates to the Purchaser and the Vendors.

#### **4.5 Further obligations of the Purchaser**

The Purchaser shall pass resolutions of the Board and shareholders (if necessary) to authorise and approve this agreement, the transactions contemplated hereunder and the execution hereof and documents related hereto (including the Nomination Right Letter) and the allotment and issue of the Consideration Shares to the Vendors.

### **5 POST-COMPLETION**

#### **5.1 Registration Statement**

- (a) The Purchaser shall, within the time period required under the Securities Exchange Act, furnish to the SEC a Report of Foreign Private Issuer on Form 6-K disclosing the execution of this agreement and the Registration Rights Agreement by the Purchaser and other Parties thereto relating to the transactions contemplated by the Transaction Documents.
- (b) As soon as practicable after Completion and in any event within six (6) months following the Completion, the Purchaser shall use reasonable best efforts to file a Registration Statement (including the Prospectus) covering the resale of the Consideration Shares with the SEC in accordance with the provisions of the Securities Act and such Registration Rights Agreement and cause the Registration Statement to be declared effective under the Securities Act as promptly as practicable following such filing.
- (c) The Vendors shall provide the Purchaser with all such information, cooperation and assistance as the Purchaser may reasonably require in connection with the Company and the Vendors for the purpose of preparing the Registration Statement (including the Prospectus) and any other matters as may be reasonably necessary or advisable or as may be reasonably requested in connection with the Registration Statement or any other statement, filing, notice or application made on behalf of the Purchaser, the Company or their respective Subsidiaries to any regulatory authority (including the Nasdaq) in connection with the Transaction.
- (d) Each of Purchaser and the Vendors shall ensure that the information supplied by or on its behalf for inclusion or incorporation by reference in a Registration Statement will not, at the time such Registration Statement is filed with the SEC, at each time at which it is amended and at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

## 5.2 US Securities Confirmations

Each Vendor confirms and agrees that either (i) he is not in the United States and it is not, and is not acting for the account or benefit of, a U.S. Person (as defined in Rule 902(k) under the Securities Act) or (ii) he is an “accredited investor” within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act and the Consideration Shares will be issued to each Vendor in private placement transactions, in reliance on an exemption or safe harbor from the registration requirements of the Securities Act.

## 5.3 Lock-up

A Without prejudice to any requirements under applicable laws in respect of any Transfer, and conditioned to and upon the occurrence of Completion, each Vendor acknowledges and agrees the Locked-up Shares of such Vendor shall be subject to a lock-up period of up to twenty-four (24) months as of Completion, with the Locked-up Shares being released in seven (7) tranches as follows:

- (i) the first tranche, representing 25% of the total Locked-up Shares of the shall be released six (6) months after Completion (“**First Lock-up Period**”); and
- (ii) the following six (6) tranches, each tranche representing 12.5% of the total Locked-up Shares of shall be released on a quarterly basis.

B Each Vendor undertakes to Purchaser that with respect to his Locked-up Shares, he shall not, and shall procure that none of his Affiliates, nominees, trusts associated with it or any Person acting on his behalf shall, without the prior written consent of the Board of the Purchaser:

- (i) Transfer any of his Locked-up Shares during the First Lock-up Period;
- (ii) Transfer more than twenty-five per cent. (25%) of the Locked-up Shares held by him immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation) during the period 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**”);
- (iii) Transfer more than thirty-seven and a half per cent. (37.5%) of the Locked-up Shares held by him immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation) during the period 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**”);
- (iv) Transfer more than fifty per cent. (50%) of the Locked-up Shares held by him immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation) during the period 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**”);

- (v) Transfer more than sixty-two and a half per cent. (62.5%) of the Locked-up Shares held by him immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation) during the period 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**”);
- (vi) Transfer more than seventy-five per cent. (75%) of the Locked-up Shares held by him immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation) during the period 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**”); or
- (vii) Transfer more than eighty-seven and a half per cent. (87.5%) of the Locked-up Shares held by him immediately following Completion (subject to such adjustment as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalisation) during the period 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.

## **6 REPRESENTATIONS AND WARRANTIES GIVEN BY THE PURCHASER**

### **6.1 Representations and warranties as to title**

The Purchaser represents, warrants and covenants to each of the Vendors that the Consideration Shares are fully paid up or credited as fully paid up, and are registered or registrable securities of the Purchaser which shall rank in all respects *pari passu* with the existing issued and fully paid class A ordinary shares in the share capital of the Purchaser as provided under the then Articles of the Purchaser at the time of Completion, and as of Completion the Purchaser has not exercised or purported to exercise or claimed any lien over it.

### **6.2 Representations and warranties as to power and capacity**

- (a) The Purchaser represents and warrants to each of the Vendors that it is an exempted company duly incorporated in the Cayman Islands with limited liability and validly existing and in good standing under the laws of the Cayman Islands.
- (b) The Purchaser represents and warrants to each of the Vendors that, as of the date hereof and Completion, it has full power and capacity to enter into this agreement and that the Purchaser is entitled to allot and issue the Consideration Shares on the terms of this agreement, free from any Encumbrance.
- (c) The Purchaser represents and warrants to each of the Vendors that the execution and delivery of, and the performance by it of its obligations under, this agreement will not, in any material respect, (i) result in a breach of or violation of or default of or conflict with any provision of its constitutional documents; or (ii) result in a breach of or violation of or default or conflict with any contract, commitment, agreement or arrangement to which the Purchaser is a party or give any third party a right to terminate or modify, or result in the creation of any Encumbrance under, any agreement (other than any of the Transaction Documents), licence or other instrument or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or by which it or any of its assets is bound.

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## **7 CONFIDENTIALITY**

### **7.1 Confidential Information**

No Confidential Information of any Party hereto (the “disclosing party” for the purpose of this Clause 7) received by any other Party hereto (the “receiving party” for the purpose of this Clause 7) or its Representatives, may be disclosed by such receiving party to any other Person except:

- (a) to its Representatives, requiring the information for the purposes of this agreement;
- (b) with the consent of the disclosing party; or
- (c) to the extent the Purchaser is the receiving party, if the Purchaser is required or requested to do so by law, regulation, legal process or the rules or order of any Government Agency or the requirements of SEC or the relevant stock exchange, whether or not the requirement has the force of law,

and such receiving party shall procure any of its Representatives that has received such Confidential Information to comply with the above as if such Representative is a receiving party and shall be responsible for any violation of this Clause 7 by its Representative.

### **7.2 Announcements or releases**

A Party may not make press or other announcements or releases relating to this agreement and the matters referred to in this agreement and the other Transaction Documents without the prior approval of the other Parties to the form and manner of the announcement or release unless and to the extent that disclosure is required or requested to be made by a Party by law, by regulation, legal process or the rules or order of any Government Agency or by the requirements of SEC or the relevant stock exchange, whether or not the requirement has the force of law. To the extent that the announcement or release is so required or requested to be made by any Party, the disclosing party must, as far as reasonably practicable and legally permissible, consult with the other Parties as to the content any such announcement or release.

## **8 DEFAULT AND TERMINATION**

### **8.1 Termination of agreement for non-satisfaction of Conditions**

If a Condition in Clause 2.2A or Clause 2.2B is not satisfied as required or duly waived, or a closing deliverable under Clause 4.2 or Clause 4.3 is not duly delivered by the Vendors or the Purchaser (as the case may be) or otherwise duly waived by 5.00 p.m. on the End Date, then this agreement may be terminated by either Party by written notice to the other Parties.

### **8.2 Effect of termination**

- (a) If this agreement is terminated under Clause 8.1, then, in addition to any other rights, powers or remedies provided by law, each Party retains the rights it has against any other Party in connection with any breach or claim that has arisen before termination.



- (b) The termination of this agreement under this Clause 8 does not affect any other rights the Parties have against one another at law or in equity and Clause 1 (“**Interpretation**”), Clause 7 (“**Confidentiality**”), Clause 9 (“**Costs and stamp duty**”), Clause 10 (“**Notices**”) and Clause 13 (“**Governing Law and Dispute Resolutions**”) shall survive the termination of this agreement.

## **9 COSTS AND STAMP DUTY**

### **9.1 Legal costs**

Each Party shall pay its own legal and other costs and expenses in connection with the negotiation, preparation, execution and completion of this agreement and of other related documentation.

### **9.2 Stamp duty and taxes**

Any tax, stamp duty, or levy payable on the sale and purchase of the Sale Shares shall be borne equally by each of the Vendors on the one part and the Purchaser on the other part, provided that (a) each Party shall bear the cost of any and all taxes in respect of or calculated by reference to any income, profit or gain of such Party in all jurisdictions in respect of the sale of the Sale Shares and/or issuance of and subscription for Consideration Shares (as applicable) pursuant to this agreement or the other Transaction Documents, and (b) each Party shall be responsible for arranging the payment of such amounts, including fulfilling any administrative or reporting obligation imposed by the jurisdiction in question in connection with such payment.

### **9.3 Registration of Consideration Shares**

Notwithstanding the registration of Consideration Shares may take place after Completion, the Purchaser undertakes to bear the fees and expenses incurred in connection with registrations, filings or qualifications for the Consideration Shares, including, but without limitation, the registration of each of the Vendors as a shareholder of the respective class A ordinary shares of the Purchaser, but excluding, for the avoidance of doubt, fees and disbursements of any legal counsel to the Vendors or the Company.

### **9.4 Electronic transfer**

In respect of any electronic transfer for same-day value made in connection with this agreement, any costs or bank or other charges of the sending bank shall be borne by the Party making that payment.

## **10 NOTICES**

### **10.1 Address for delivery of notices**

Any notice or other communication given or made under this agreement shall be in writing and shall, unless otherwise specified, be in English. Any such notice or other communication shall be sent to, in the case of the Vendors, the address stated in the Details, and in the case of the Purchaser, as follows:

Address: Unit 701-706, K11 Atelier King’s Road, 728 King’s Road, Quarry Bay, Hong Kong  
E-mail address: danny@prenetics.com  
Attention: Mr. Danny Sheng Wu Yeung

## **10.2 Delivery of Notices**

Any notice if so addressed shall be deemed to have been duly given or made as follows:

- (a) if sent by personal delivery, upon delivery at the address of the relevant Party;
- (b) if sent by post, two (2) Business Days (if posted within Hong Kong) or five (5) Business Days (if posted outside of Hong Kong) after the date of posting; and
- (c) if sent by email:
  - (i) when the sender receives an automated message confirming delivery; or
  - (ii) four (4) hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,whichever happens first.

## **10.3 Changes to addresses**

A Party may notify the other Parties to this agreement of a change to its relevant address or email address for the purposes of this Clause 10 provided that such notification shall only be effective on:

- (a) the date specified in the notification as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is earlier than the date on which a notice is deemed under Clause 10.2 to have been duly given, the date on which such notice is so deemed to have been duly given.

## **11 ASSIGNMENT**

### **No assignment**

A Party must not assign, transfer, dispose of or otherwise part with any of its rights under this agreement without the consent of the other Parties. Any such assignment without such prior written consent shall be null and void. Subject to the preceding sentence, this agreement shall be binding upon, inure to the benefit of, and be enforceable by, the Parties hereto and their respective heirs, successors and permitted assigns.

## **12 MISCELLANEOUS**

### **12.1 Discretion in exercising rights**

A Party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

### **12.2 Failure to exercise rights**

Except as otherwise set out in this agreement or expressly agreed by the Parties in writing, any partial exercise, failure to exercise, or delay in exercising, a right or remedy provided under this agreement or by law does not operate as a waiver or prevent or restrict any further or other exercise of that or any other right or remedy in accordance with this agreement.

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**12.3 No liability for loss**

- (a) Except as otherwise set out in this agreement, a Party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy that is available to it under this agreement.
- (b) Except as otherwise provided in this agreement, the rights and remedies under this agreement are cumulative, may be exercised as often as the relevant Party considers appropriate and are in addition to its rights and remedies provided by applicable laws.

**12.4 Approvals and consents**

By giving its approval or consent a Party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

**12.5 Remedies cumulative**

The rights and remedies provided in this agreement are in addition to other rights and remedies given by law independently of this agreement.

**12.6 Rights and obligations are unaffected**

Rights given to the Parties under this agreement and the Parties' liabilities under it are not affected by anything which might otherwise affect them by law.

**12.7 Variation and waiver**

- (a) A provision of this agreement or a right created under it, may not be waived or varied unless it is in writing and signed by or on behalf of the Vendors and Purchaser (or, in the case of a waiver, by or on behalf of the Party waiving compliance).
- (b) Unless expressly agreed, no variation or waiver of any provision of this agreement shall constitute a general variation or waiver of any provision of this agreement, nor shall it affect any rights, obligations or liabilities under this agreement that have already accrued up to the date of variation or waiver, and the rights and obligations of the Parties under this agreement shall remain in full force, except and only to the extent that they are so varied or waived.
- (c) Any consent granted under this agreement shall be effective only if given in writing and signed by the consenting Party and then only in the instance and for the purpose for which it was given.

**12.8 Further steps**

Each Party agrees, at its own expense but subject to Clause 9, to do anything any other Party reasonably requests (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this agreement and the transactions contemplated by it.

**12.9 Time of the essence**

Time is of the essence of this agreement in respect of any date or period determined under this agreement.

#### **12.10 Entire agreement**

This agreement, together with other Transaction Documents, constitutes the entire agreements of the Parties about its subject matter. It supersedes all previous agreements (whether written or oral), understandings and negotiations on that subject matter.

#### **12.11 Construction**

No rule of construction applies to the disadvantage of a Party because that Party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

#### **12.12 Severability**

If any provision or of any part of a provision of this agreement is invalid or void, unenforceable or illegal in a jurisdiction, such provision is severed for that jurisdiction. The remainder of this agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This Clause 12 has no effect if the severance alters the basic nature of this agreement.

#### **12.13 Knowledge and belief**

Any statement made by a Party on the basis of its knowledge, information, belief or awareness, is made on the basis that the Party has, in order to establish that the statement is accurate and not misleading, made all reasonable enquiries of its directors, officers, managers and employees who could reasonably be expected to have information relevant to matters to which the statement relates.

#### **12.14 Third Parties**

Except as expressly provided in this agreement, a Person who is not a party to this agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) 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 that Ordinance.

### **13 GOVERNING LAW AND DISPUTE RESOLUTIONS**

- (a) The construction, validity and performance of this agreement and all non-contractual obligations (if any) arising from or connected with this agreement shall be governed by the laws in force in Hong Kong.
- (b) The Parties agree to negotiate in good faith to resolve any dispute between them regarding this agreement. In the event the negotiations cannot resolve any such dispute between the Parties within thirty (30) days, such dispute shall be referred to and finally settled by arbitration administered by the Hong Kong International Arbitration Centre (the “**HKIAC**”) for arbitration in Hong Kong. The arbitration shall be conducted in accordance with the HKIAC Administered Arbitration Rules in force at the time of the initiation of the arbitration, which rules are deemed to be incorporated by reference into this subsection (b). The seat of arbitration shall be Hong Kong. There shall be one (1) arbitrator jointly nominated by Parties, who shall be qualified to practice the laws of the Hong Kong. In the event that the Parties cannot jointly agree on an arbitrator, the HKIAC shall appoint an arbitrator. The arbitral proceedings shall be conducted in English. The award of the arbitral tribunal shall be final and binding upon the Parties thereto.

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**14 COUNTERPARTS**

This agreement may consist of a number of copies, each signed by one or more Parties to the agreement. If there are a number of signed copies they are treated as making up the one document and the date on which the last counterpart is executed is the date of the agreement. Facsimile signatures, electronic signatures or signatures sent by email attachment shall be valid and binding to the same extent as original signatures. This agreement shall not be effective until each Party has executed at least one counterpart.

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**SCHEDULE 1**

**The Company**

Company name : Insighta Holdings Limited

Company number : 398503

Date of incorporation : 17 March 2023

Place of incorporation : Cayman Islands

Address of registered office : The Office of Vistra (Cayman) Limited, P. O. Box 31119  
Grand Pavilion, Hibiscus Way, 802 West Bay Road,  
Grand Cayman, KY1 - 1205 Cayman Islands

Shares issued/to be issued on or before Completion : 550,000 Class A Shares  
650,000 Class B Shares

Directors : Dennis Lo  
Allen Chan

Shareholders (on or before Completion) :

Shareholders (on or before Completion) : Dennis Lo 650,000 Class B Shares  
130,000 Class A Shares  
Allen Chan 420,000 Class A Shares

SCHEDULE 1

## SCHEDULE 2

### REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this “Agreement”), dated as of [●], 2023, is made and entered into by and among Prenetics Global Limited, a Cayman Islands exempted company (the “Company”), and the undersigned parties listed on the signature page hereto (each such party a “Holder” and collectively the “Holders”).

#### RECITALS

WHEREAS, the Company and the Holders (who are defined as the “Purchaser” and the “Vendors”, respectively, therein) entered into that certain Share Sale Agreement, dated as of [●], 2023 (the “Purchase Agreement”), pursuant to which and in consideration for each Holder entering into, the Purchase Agreement, the Company shall cause to be issued to the Holders the Consideration Shares (as defined therein) in accordance with the terms of the Purchase Agreement;

WHEREAS, pursuant to the terms of, and in consideration for each Holder entering into, the Purchase Agreement, and to induce each Holder to execute and deliver the Purchase Agreement, the Company has agreed to provide the Holders with certain registration rights with respect to the Registrable Securities (as defined herein) as set forth herein;

NOW, THEREFORE, in consideration of the representations, covenants and agreements contained herein and in the Purchase Agreement, and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

#### ARTICLE 1 DEFINITIONS

The terms defined in this Article 1 shall, for all purposes of this Agreement, have the respective meanings set forth below:

“Adverse Disclosure” shall mean any public disclosure of material non-public information, (a) which disclosure, in the good faith judgment of the Chief Executive Officer or Chief Financial Officer of the Company, after consultation with counsel to the Company, (i) would be required to be made in any Registration Statement or Prospectus in order for the applicable Registration Statement or Prospectus not to contain any Misstatement, and (ii) would not be required to be made at such time if the Registration Statement were not being filed, declared effective or used, as the case may be, and (b) as to which the Company has a bona fide business purpose for not making such information public.

“Agreement” shall have the meaning given in the preamble of this Agreement.

“Allowable Grace Period” shall have the meaning assigned to such term in subsection 3.2.1.

“Applicable Law” means, with respect to a Person, any laws, regulations, rules, measures, guidelines, treaties, judgments, determination, decisions, orders or notices, demands, decree, of any Governmental Authority or stock exchange and in any jurisdiction that is applicable to such Person.

“Board” shall mean the board of directors of the Company.

“Business Day” shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Hong Kong, the State of New York, the USA or the Cayman Islands are required or authorised by law to be closed, or on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

“Commission” shall mean the United States Securities and Exchange Commission or any successor Entity.

“Company” shall have the meaning given in the preamble of this Agreement.

“Completion” has the meaning assigned to such term in the Purchase Agreement.

“Consideration Shares” has the meaning assigned to such term in the Purchase Agreement.

“Effective Date” means the date that the applicable Registration Statement has been declared effective by the Commission.

“Effectiveness Period” shall have the meaning assigned to such term in subsection 3.1.2.

## SCHEDULE 2

“Eligible Market” means The New York Stock Exchange, Inc., NYSE AMEX Equities, the NASDAQ Global Select Market, The NASDAQ Global Market or the NASDAQ Capital Market.

“Entity” means any corporation (including any nonprofit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company, or joint stock company), firm, society, or other enterprise, association, organization, or entity.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as it may be amended from time to time, and the rules and regulations of the Commission thereunder.

“Filing Deadline” means (i) with respect to the Shelf Registration Statement required to be filed pursuant to Section 2.1, within six (6) months following Completion and (ii) with respect to any New Registration Statement that may be required to be filed by the Company pursuant to this Agreement, the 30th Business Day following the sale of substantially all of the Registrable Securities included in the Initial Registration Statement or the most recent prior New Registration Statement, as applicable, or such other date as permitted by the Commission and, in each of (i) and (ii), in accordance with the requirements under the Securities Act, the Exchange Act and the rules and regulations of the Commission.

“Form F-1” shall mean such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the Commission.

“Form F-1 Shelf” shall have the meaning given in subsection 2.1.1.

“Form F-3” shall mean such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the Commission that permits forward incorporation of substantial information by reference to other documents filed by the Company with the Commission.

“Form F-3 Shelf” shall have the meaning given in subsection 2.1.1.

“Governmental Authority” means any United States or non-United States: (i) nation, state, commonwealth, province, territory, region, county, city, municipality, district, or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; or (iii) governmental, quasi-governmental, public or statutory authority of any nature (including any governmental division, department, agency, regulatory or administrative authority, commission, instrumentality, official, organization, unit, body, or Entity and any court, judicial or arbitral body, or other tribunal).

“Grace Period” shall have the meaning assigned to such term in subsection 3.2.1.

“Holder” shall have the meaning given in the preamble of this Agreement.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Indemnified Party” shall have the meaning assigned to such term in Section 6.3.

“Lock-Up Agreement” shall mean, as applicable, the agreements and undertakings of the Holders set forth in clause 6.3 of the Purchase Agreement, pursuant to which each Holder has agreed not to transfer the Registrable Securities held by such Holder for a certain period of time after Completion.

“Misstatement” shall mean an untrue statement of a material fact or an omission to state a material fact required to be stated in a Registration Statement or Prospectus, or necessary to make the statements in a Registration Statement or Prospectus (in the case of a Prospectus, in the light of the circumstances under which they were made) not misleading

“New Registration Statement” shall have the meaning given in subsection 2.2.1.

“Permitted Transferees” shall mean a person or entity to whom a Holder of Registrable Securities is permitted to transfer such Registrable Securities prior to the expiration of the lock-up period under the applicable Lock-Up Agreement, and to any transferee thereafter.

“Pro Rata” shall mean, with respect to a given Registration, offering or Transfer of Registrable Securities pursuant to this Agreement, pro rata based on (A) the number of Registrable Securities that each Holder, as applicable, has requested or proposed to be included in such Registration, offering or Transfer and (B) the aggregate number of Registrable Securities that all Holders have requested or proposed to be included in such Registration, offering or Transfer.

“Ordinary Shares” means the fully paid Class A ordinary shares in the capital of the Company.



“Person” means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including, without limitation, a “person” as defined in Section 13(d)(3) of the Exchange Act), trust, association, or to the extent not already covered, an Entity, or government, political subdivision, agency or instrumentality of a government, or to the extent not already covered, a Governmental Authority.

“PRC” means the People’s Republic of China but excluding, for the purposes of this Agreement, Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China.

“Prospectus” shall mean the prospectus included in any Registration Statement, as supplemented by any and all prospectus supplements and as amended by any and all post-effective amendments and including all material incorporated by reference in such prospectus.

“Prospectus Supplement” means any prospectus supplement to the Prospectus filed with the Commission from time to time pursuant to Rule 424(b) under the Securities Act, including the documents incorporated by reference therein.

“Purchase Agreement” shall have the meaning assigned to such term in the recitals to this Agreement.

“Registrable Securities” shall mean:

(A) all of the Consideration Shares; and

(B) any other equity security of the Company issued or issuable with respect to any such Consideration Shares, including, without limitation, by way of a stock dividend or stock split or in connection with a recapitalization, merger, consolidation, spin-off, reorganization or similar transaction;

provided, however, as to any particular Registrable Securities, such securities shall cease to be Registrable Securities when: (i) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been sold, transferred, disposed of or exchanged in accordance with such Registration Statement; (ii) such securities shall have been otherwise transferred, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of such securities shall not require registration under the Securities Act; (iii) such securities shall have ceased to be outstanding; or (iv) such securities have been sold to, or through, a broker, dealer or underwriter in a public distribution or other public securities transaction;

“Registration” shall mean a registration effected by preparing and filing one or more Registration Statements or similar documents in compliance with the requirements of the Securities Act and pursuant to Rule 415, and the applicable rules and regulations promulgated thereunder, and such registration statement becoming effective.

“Registration Statement” shall mean any registration statement or registrations statements that cover the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus included in such registration statement, amendments (including post-effective amendments) and supplements to such registration statement, and all exhibits to and all material incorporated by reference in such registration statement.

“Required Holders” means the holders of a majority of the Registrable Securities.

“Rule 144” means Rule 144 promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the Commission that may at any time permit the Investors to sell securities of the Company to the public without registration.

“Rule 415” means Rule 415 promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the Commission providing for offering securities on a delayed or continuous basis.

“SEC Guidance” shall have the meaning given in subsection 2.2.1.

“Securities Act” shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Commission thereunder.

“Shelf” shall mean the Form F-1 Shelf, the Form F-3 Shelf or any Subsequent Shelf, as the case may be.

“Shelf Registration” shall mean a Registration of securities pursuant to a Registration Statement filed with the Commission in accordance with and pursuant to Rule 415 promulgated under the Securities Act (or any successor rule then in effect).

“Subsequent Shelf” shall have the meaning given in subsection 2.3.2.

“Transfer” shall mean the (a) sale of, offer to sell, contract or agreement to sell, hypothecate, pledge, grant of any option to purchase or otherwise dispose of or agreement to dispose of, directly or indirectly, or establishment or increase of a put equivalent position or liquidation with respect to or decrease of a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any security, (b) entry into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any security, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (c) public announcement of any intention to effect any transaction specified in clause (a) or (b).

“Trading Day” shall mean any day on which the Trading Market or, if the Ordinary Shares are then listed on any other Eligible Market, such Eligible Market is open for trading (regular way), including any day on which the Trading Market (or such Eligible Market, as applicable) is open for trading (regular way) for a period of time less than the customary time.

“Trading Market” means The Nasdaq Global Market.

“Transaction Documents” has the meaning assigned to such term in the Purchase Agreement.

## **ARTICLE 2 REGISTRATIONS**

### **2.1 Resale Shelf Registration.**

2.1.1 The Company shall use its commercially reasonable efforts to file with the Commission as soon as practicable, but in no event later than the Filing Deadline, and use commercially reasonable efforts to (a) cause to be declared effective as soon as reasonably practicable thereafter, a Registration Statement for a Shelf Registration on Form F-3 (a “Form F-3 Shelf”)(or, if the Company is not eligible to use Form F-3, a Form F-1 (the “Form F-1 Shelf”)) covering the resale by the Holders of the maximum number of Registrable Securities (determined as of two (2) Business Days prior to such filing), in accordance with applicable Commission rules, regulations and interpretations, on a delayed or continuous basis and (b) subject to the other provisions of this Agreement, including Section 3.2, keep such Form F-1 Shelf or Form F-3 Shelf effective and available for use in compliance with the provisions of the Securities Act.

2.1.2 Such Shelf shall provide for the resale of the Registrable Securities included therein pursuant to any method or combination of methods legally available to, and requested by, any Holder named therein.

### **2.2 Rule 415 Cutback.**

2.2.1 Notwithstanding anything to the contrary set forth in Section 2.1, in the event the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415 of the Securities Act, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly (a) inform each of the Holders and use its commercially reasonable efforts to file amendments to the Shelf Registration as required by the Commission and/or (b) withdraw the Shelf Registration and file a new Registration Statement (a “New Registration Statement”), on Form F-3, or if Form F-3 is not then available to the Company for such Registration Statement, on such other form available to register for resale the Registrable Securities as a secondary offering; provided, however, that prior to filing such amendment or New Registration Statement, the Company shall use its commercially reasonable efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with any publicly-available written or oral guidance, comments, requirements or requests of the Commission staff (the “SEC Guidance”).

2.2.2 Notwithstanding any other provision of this Agreement, if any SEC Guidance sets forth a limitation of the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used commercially reasonable efforts to advocate with the Commission for the registration of all or a greater number of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities and subject to a determination by the Commission that certain Holders must be reduced first based on the number of Registrable Securities held by such Holders, the number of Registrable Securities to be registered on such Registration Statement will be reduced on a Pro Rata basis among the Holders.

2.2.3 If the Company amends the Shelf Registration or files a New Registration Statement, as the case may be, under this Section 2.2, the Company shall use its commercially reasonable efforts to file with the Commission, as promptly as allowed by the Commission or SEC Guidance, one or more registration statements on Form F-3 or such other form available to register for resale those Registrable Securities (a) that were not registered for resale on the Shelf Registration, as amended, or the New Registration Statement and (b) are no longer restricted by any Lock-Up Agreement.

### 2.3 Amendment, Supplement and Subsequent Shelf.

2.3.1 The Company shall use commercially reasonable efforts to maintain a Shelf in accordance with the terms of this Agreement, and shall prepare and file with the Commission from time to time such amendments and supplements to the Shelf as may be necessary to keep the Shelf continuously effective, available for use and in compliance with the provisions of the Securities Act until such time as there are no longer any Registrable Securities.

2.3.2 If a Shelf ceases to be effective under the Securities Act for any reason at any time while Registrable Securities are still outstanding, the Company shall, subject to Section 3.2, use commercially reasonable efforts to as promptly as is reasonably practicable (a) cause such Shelf to again become effective under the Securities Act (including using commercially reasonable efforts to obtain the prompt withdrawal of any order suspending the effectiveness of such Shelf), (b) amend such Shelf in a manner reasonably expected to result in the withdrawal of any order suspending the effectiveness of such Shelf, or (c) prepare and file an additional Registration Statement for a Shelf Registration (a "Subsequent Shelf") registering the resale of all Registrable Securities (determined as of two (2) Business Days prior to such filing), and pursuant to any method or combination of methods legally available to, and requested by, any Holder named therein.

2.3.3 If a Subsequent Shelf is filed pursuant to subsection 2.3.2, the Company shall use commercially reasonable efforts to (a) cause such Subsequent Shelf to become effective under the Securities Act as promptly as is reasonably practicable after the filing thereof, and (b) keep such Subsequent Shelf continuously effective, available for use and in compliance with the provisions of the Securities Act until such time as there are no longer any Registrable Securities. Any such Subsequent Shelf shall be on Form F-3 to the extent that the Company is eligible to use such form, and shall be an automatic shelf registration statement as defined in Rule 405 promulgated under the Securities Act if the Company is a well-known seasoned issuer as defined in Rule 405 promulgated under the Securities Act at the most recent applicable eligibility determination date.

## ARTICLE 3 COMPANY PROCEDURES

3.1 General Procedures. In connection with any Registration Statement and whenever any Registrable Securities are to be registered pursuant to Article 2, the Company shall use commercially reasonable efforts to effect such Registration to permit the sale of such Registrable Securities in accordance with the intended plan of distribution thereof, and pursuant thereto the Company shall, as expeditiously as reasonably practicable without causing any undue disruption to the business of the Company:

3.1.1 prepare and file with the Commission a Registration Statement with respect to such Registrable Securities and use commercially reasonable efforts to cause such Registration Statement to become effective and remain effective for the Effectiveness Period (as defined below);

3.1.2 subject to Section 3.2, prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement, and such supplements to the Prospectus, as may be required by the rules, regulations or instructions applicable to the registration form used by the Company or by the Securities Act or rules and regulations thereunder to keep the Registration Statement effective until all Registrable Securities covered by such Registration Statement are no longer Registrable Securities (the "Effectiveness Period");

3.1.3 prior to any public offering of Registrable Securities, use commercially reasonable efforts to (a) register or qualify the Registrable Securities covered by the Registration Statement under such securities or "blue sky" laws of such jurisdictions in the United States as the Holders of Registrable Securities included in such Registration Statement (in light of their intended plan of distribution) may reasonably request in writing and (b) take such action necessary to cause such Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental authorities as may be reasonably necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary to enable the Holders of Registrable Securities included in such Registration Statement to consummate the disposition of such Registrable Securities in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection 3.1.3 or to take any action to which it would be subject to general service of process or taxation in any such jurisdiction where it is not then otherwise so subject;

3.1.4 promptly notify the Holders of Registrable Securities of the receipt by the Company of any notification by a governmental authority or the Commission with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "Blue Sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose;

3.1.5 cause all such Registrable Securities to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed;

3.1.6 provide a transfer agent, as applicable, and registrar for all such Registrable Securities no later than the effective date of such Registration Statement;

3.1.7 advise each seller of such Registrable Securities, and in no event later than one (1) Business Day, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for such purpose and promptly use commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued;

3.1.8 at least five (5) Business Days prior to the filing of any Registration Statement or Prospectus or any amendment or supplement to such Registration Statement or Prospectus, furnish a copy thereof to such Holder of such Registrable Securities or its counsel without charge (including any exhibits thereto and any filing made under the Exchange Act that is to be incorporated by reference therein) and, thereafter, give good faith consideration to the comments of a single U.S. counsel for such sellers; provided, however, that the Company shall not be required to consider any comments received unless such comments shall have been received by the Company at least three (3) Business Days prior to the relevant filing;

3.1.9 as promptly as reasonably practicable after becoming aware of such event or facts, notify the Holders, at any time when a Prospectus relating to such Registration Statement is required to be delivered under the Securities Act, of the occurrence of any event or the existence of such facts as a result of which the Prospectus included in such Registration Statement, as then in effect, includes a Misstatement, and then, subject to Section 3.2, to correct such Misstatement as set forth in Section 3.2 hereof;

3.1.10 make available to its security holders (which may be satisfied by making such information available on EDGAR), as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months beginning with the first day of the Company's first full calendar quarter after the Effective Date of the particular Registration Statement which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any successor rule then in effect); and

3.1.11 otherwise, cooperate reasonably with, and take such customary actions as may reasonably be requested by the participating Holders, consistent with the terms of this Agreement, in connection with any Registration hereunder.

### 3.2 Restrictions on Registration Rights; Suspension of Sales; Adverse Disclosure.

3.2.1 Notwithstanding anything to the contrary contained herein (but subject to subsection 3.2.5), at any time after the Effective Date of a particular Registration Statement, the Company shall be permitted to suspend each Holder's use of any Prospectus that is part of any Registration Statement (in which event, the Holders shall, in accordance with subsection 3.2.2, discontinue sales of the Registrable Securities pursuant to such Registration Statement contemplated by this Agreement), if the Company is aware of any material, non-public information concerning the Company or any of its subsidiaries the disclosure of which at the time is not, in the good-faith opinion of the Board, in the best interest of the Company, nor, based on the advice of counsel to the Company, otherwise required (a "Grace Period"); provided, however, that the Company shall promptly, but in no event later than 9:30 a.m. (New York City time) on the second (2nd) Trading Day immediately prior to the commencement of any Grace Period (except for such case where it is impossible to provide such two-Trading Day advance notice, in which case the Company shall provide such notice as soon as possible), notify the Holders in writing of the (i) existence of material, non-public information giving rise to a Grace Period (provided that in each such notice the Company shall not disclose the content of such material, non-public information to the Holders) and the date on which such Grace Period will begin and (ii) date on which such Grace Period is expected to end; provided, further, that (I) no Grace Period shall exceed sixty (60) consecutive Trading Days or an aggregate of one hundred and twenty (120) days in any twelve (12) month period; provided, further, that the Company shall not register any securities for the account of itself or any other shareholder during any such Grace Period, (II) the first day of any Grace Period must be at least three (3) Trading Days (or such shorter period as may be agreed between the Company the Holders) after the last day of any prior Grace Period and (III) no Grace Period may exist during the first ten (10) consecutive Trading Days after the Effective Date of the particular Registration Statement (each, an "Allowable Grace Period"). For purposes of determining the length of an Allowable Grace Period above, such Allowable Grace Period shall begin on and include the date set forth in the notice referred to in clause (i) above, provided that such notice is received by the Holders not later than 9:30 a.m. (New York City time) on the second (2nd) Trading Day immediately prior to such commencement date (except for such case where it is impossible to provide such two-Trading Day advance notice, in which case the Company shall provide such notice as soon as possible) and shall end on and include the later of the date the Holders receive the notice referred to in clause (ii) above and the date referred to in such notice. Upon expiration of each Allowable Grace Period, the Company shall promptly terminate any suspension of sales it has put into effect and shall take such other reasonable actions to permit registered sales of Registrable Securities as contemplated by this Agreement and shall again be bound by subsection 3.1.9 with respect to the information giving rise thereto, unless such material, non-public information is no longer applicable.

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3.2.2 Upon receipt of written notice from the Company that (a) a Registration Statement or Prospectus contains a Misstatement, or (b) an Allowable Grace Period is in effect, each of the Holders shall forthwith discontinue disposition of Registrable Securities until it has received copies of a supplemented or amended Prospectus correcting the Misstatement as contemplated by subsection 3.1.9 (it being understood that the Company hereby covenants to prepare and file such supplement or amendment as soon as practicable after the time of such notice) or until it is advised in writing by the Company that the use of the Prospectus may be resumed.

3.2.3 In addition, if the filing, initial effectiveness or continued use of a Registration Statement in respect of any Registration at any time (a) would require the inclusion in such Registration Statement of financial statements that are unavailable to the Company for reasons beyond the Company's control, (b) would, in the good faith view of the Company, require the Company to make an Adverse Disclosure, (c) would, in the good faith view of the Company, accompanied by a certificate signed by the Company's Chairman of the Board, Chief Executive Officer, President or Chief Financial Officer stating that in the good faith judgment of the Board it would, be materially detrimental to the Company or (d) could materially affect a bona fide business or financing transaction of the Company or its subsidiaries, then the Company may, from the date sixty (60) days prior to the Company's good faith estimate of the date of the filing of a Registration Statement and continuing after the Effective Date of any such Registration Statement, and provided that the Company continues to actively employ, in good faith, commercially reasonable efforts to maintain the effectiveness of the applicable Registration Statement, upon giving prompt written notice of such action to the Holders, delay the filing or initial effectiveness of, or suspend use of, such Registration Statement for the period of time determined in good faith by the Company to be necessary for such purpose.

3.2.4 Notwithstanding anything to the contrary contained herein, the Company shall not have the right to exercise the rights set forth in this Section 3.2 for more than sixty (60) consecutive Trading Days or more than one hundred and twenty (120) days, in any such case, in any twelve (12) month period. In the event the Company exercises its rights under the preceding sentence, the Holders agree to suspend, immediately upon their receipt of the notice referred to above, their use of the Prospectus relating to any Registration in connection with any sale or offer to sell Registrable Securities. The Company shall promptly notify the Holders of the expiration of any period during which it exercised its rights under this Section 3.2.

3.2.5 Notwithstanding anything to the contrary contained in this Section 3.2, the Company shall cause its transfer agent to deliver Ordinary Shares to a Permitted Transferee of a Holder in accordance with the terms of the Purchase Agreement in connection with any sale of Registrable Securities with respect to which the Holder has entered into a contract for sale, and delivered a copy of the Prospectus included as part of the particular Registration Statement to the extent applicable, prior to the Holder's receipt of the notice of an Allowable Grace Period and for which the Holder has not yet settled.

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**ARTICLE 4**  
**OBLIGATIONS OF THE HOLDERS**

**4.1 Obligations of the Holders.**

4.1.1 At least five (5) Business Days prior to the first anticipated filing date of each Registration Statement (or such shorter period to which the parties agree), the Company shall notify the Holders in writing of the information the Company requires from the Holders with respect to such Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the Registration pursuant to this Agreement with respect to the Registrable Securities of the Holders that each Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

4.1.2 Each Holder, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of each Registration Statement hereunder, unless such Holder has notified the Company in writing of the Holder's election to exclude all of the Holder's Registrable Securities from such Registration Statement.

4.1.3 Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in subsection 3.1.8, subsection 3.1.10, or Section 3.2, such Holder shall immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until the Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by subsection 3.1.8 or Section 3.2 or receipt of notice that no supplement or amendment is required.

4.1.4 Each Holder covenants and agrees that it shall comply with the prospectus delivery and other requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

**ARTICLE 5**  
**EXPENSES OF REGISTRATION**

5.1 Expenses of Registration. In accordance with clause 9.1 of the Purchase Agreement and except as provided in clause 9.3 of the Purchase Agreement, each party shall bear its own fees and expenses related to the transactions contemplated by this Agreement. All reasonable expenses of the Company, other than sales or brokerage commissions and fees and disbursements of counsel for, and other expenses of, the Holders, incurred in connection with registrations, filings or qualifications pursuant to Section 2 and Section 3 hereof, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, and fees and disbursements of counsel for the Company, shall be paid by the Company, but excluding, for the avoidance of doubt, fees and disbursements of any legal counsel to the Holders.

**ARTICLE 6**  
**INDEMNIFICATION**

6.1 Indemnification by the Company. The Company agrees to indemnify and hold harmless, to the extent permitted by law, each Holder of Registrable Securities, its officers, employees, directors, affiliates, partners, members, attorneys and agents, and each Person who controls such Holder (within the meaning of the Securities Act) (each, a "Holder Indemnified Party") against all losses, judgments, claims, damages, liabilities and out-of-pocket expenses (including reasonable outside attorneys' fees), whether joint or several, resulting from, arising out of or that are based on any untrue or allegedly untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary Prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any rule or regulation promulgated thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such Registration, except insofar as the same are caused by or contained in any information or affidavit furnished in writing to the Company by such Holder expressly for use therein, or if such losses, judgments, claims, damages, liabilities and out-of-pocket expenses are based on any such Holder's violation of the federal securities laws or failure to sell the Registrable Securities in accordance with the intended plan of distribution contained in the Prospectus. The Company shall promptly reimburse a Holder Indemnified Party for any reasonable expenses incurred by such Holder Indemnified Party in connection with investigating and defending any proceeding or action to which this Section 6.1 applies (including the reasonable fees and disbursements of legal counsel) except insofar as such proceeding or action arise out of or are based on any information or affidavit furnished in writing to the Company by such Holder, expressly for use therein, or if such proceeding or action are based on any such Holder's violation of the federal securities laws or failure to sell the Registrable Securities in accordance with the intended plan of distribution contained in the Prospectus.

6.2 Indemnification by Holders. In connection with any Registration Statement in which a Holder of Registrable Securities is participating, such Holder shall furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such Registration Statement or Prospectus and, to the extent permitted by law, shall indemnify and hold harmless the Company, its directors, officers and agents, and each person who controls the Company (within the meaning of the Securities Act) against any losses, judgments, claims, damages, liabilities and out-of-pocket expenses (including reasonable outside attorneys' fees), whether joint or several, resulting from, arising out of or that are based on any untrue or allegedly untrue statement of a material fact contained in the Registration Statement, Prospectus or preliminary Prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue or allegedly untrue statement or omission or alleged omission are caused by or contained in any information or affidavit so furnished in writing to the Company by such Holder expressly for use therein, or if such losses, judgments, claims, damages, liabilities and out-of-pocket expenses are based on any such Holder's violation of the federal securities laws or failure to sell the Registrable Securities in accordance with the intended plan of distribution contained in the Prospectus; provided, however, that the obligation to indemnify shall be several, not joint and several, among such Holders of Registrable Securities, and the liability of each such Holder of Registrable Securities shall be in proportion to and limited to the net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Registration Statement.

6.3 Indemnification Process.

6.3.1 Any person entitled to indemnification pursuant to Sections 6.1 or 6.2 (each, an "Indemnified Party") shall:

6.3.1.1 if a claim is to be made against any Person (the "Indemnifying Party") for indemnification hereunder, give prompt written notice to the Indemnifying Party of the losses, claims, damages, liabilities or out-of-pocket expenses (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder to the extent such failure has not prejudiced the Indemnifying Party); and

6.3.1.2 unless in the Indemnified Party's reasonable judgment, a conflict of interest between such Indemnified Party and Indemnifying Party may exist with respect to such claim, permit such Indemnifying Party to assume control of the defense of such claim with counsel reasonably satisfactory to the Indemnified Party.

6.3.2 If such control of defense is assumed, the Indemnifying Party shall not be subject to any liability to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof.

6.3.3 An Indemnifying Party who is not entitled to, or elects not to, assume the control of defense of a claim shall not be obligated to pay the fees and expenses of more than one (1) counsel for all parties indemnified by such Indemnifying Party with respect to such claim, unless in the reasonable judgment of any Indemnified Party a conflict of interest may exist between such Indemnified Party and any other of such Indemnified Parties with respect to such claim.

6.3.4 No Indemnifying Party shall, without the prior written consent of the Indemnified Party (which shall not be unreasonably withheld, delayed or conditioned), consent to the entry of any judgment or enter into any settlement or compromise which cannot be settled in all respects by the payment of money (and such money is so paid by the Indemnifying Party pursuant to the terms thereof) or which settlement includes a statement or admission of fault and culpability on the part of such Indemnified Party or which settlement does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. No Indemnified Party shall, without the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld, delayed or conditioned), consent to the entry of any judgment or enter into any settlement or compromise of any claim, dispute losses, damages, liabilities or other matter for which it, or any other Indemnified Party, could seek indemnification hereunder.

6.3.5 The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Party or any officer, director or controlling person of such Indemnified Party and shall survive the transfer of securities.

**ARTICLE 7  
CONTRIBUTION**

7.1 Contribution. If the indemnification provided under Sections 6.1, 6.2, and 6.3 from the Indemnifying Party is judicially determined to be unavailable or insufficient to hold harmless an Indemnified Party in respect of any losses, claims, damages, liabilities and out-of-pocket expenses referred to herein (other than pursuant to the express provisions of this Agreement), then each Indemnifying Party, in lieu of indemnifying the Indemnified Party, shall contribute to the amount paid or payable by the Indemnified Party as a result of such losses, claims, damages, liabilities and out-of-pocket expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or allegedly untrue statement of a material fact or omission or alleged omission to state a material fact, was made by (or omitted to be made by, in the case of an omission), or relates to any information or affidavit supplied by (or not supplied by, in the case of an omission), such Indemnifying Party or Indemnified Party, and the Indemnifying Party's and Indemnified Party's relative intent, knowledge, access to information and opportunity to correct or prevent such action; provided, however, that the liability of any Holder under this Section 7.1 shall be limited to the amount of the net proceeds received by such Holder in such offering giving rise to such liability. The amount paid or payable by a party as a result of the losses or other liabilities referred to above shall be deemed to include, subject to the limitations set forth in Sections 6.1, 6.2 and 6.3 above, any legal or other fees, charges or out-of-pocket expenses reasonably incurred by such party in connection with any investigation or proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.1 were determined by pro rata allocation or by any other method of allocation, which does not take account of the equitable considerations referred to in this Section 7.1. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution pursuant to this Section 7.1 from any Person who was not guilty of such fraudulent misrepresentation.

**ARTICLE 8  
REPORTS UNDER THE EXCHANGE ACT**

8.1 Reports under the Exchange Act. With a view to making available to the Investor the benefits of Rule 144, the Company agrees to:

8.1.1 use its commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144;

8.1.2 use its commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit any of the Company's obligations under the Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144;

8.1.3 furnish to each Holder, so long as they hold Registrable Securities, promptly upon written request, (i) a written statement by the Company, if true, that it has complied with the reporting, submission and posting requirements of Rule 144 and the Exchange Act, (ii) a copy of the most recent Annual Report on Form 20-F filed with the Commission under the Exchange Act or report on Form 6-K containing interim financial information of the Company, and such other reports and documents so filed by the Company with the Commission if such reports are not publicly available via EDGAR, and (iii) such other information as may be reasonably requested to permit the Holder to sell such securities pursuant to Rule 144 without registration.

**ARTICLE 9  
ASSIGNMENT OF REGISTRATION RIGHTS**

9.1 Assignment of Registration rights. Neither the Company nor any of the Holders shall assign this Agreement or any of their respective rights or obligations hereunder; provided that any transaction, whether by merger, reorganization, restructuring, consolidation, financing or otherwise, whereby the Company or any Holder, as the case may be, remains the surviving entity immediately after such transaction shall not be deemed an assignment and any Holder shall be permitted to transfer its rights and obligations under this Agreement to an affiliate. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and its successors and the permitted assigns of the Holders. This Agreement shall not confer any rights or benefits on any Persons that are not parties hereto, other than as expressly set forth in this Agreement.

**ARTICLE 10  
AMENDMENT OR WAIVER**

10.1 Amendment or waiver. No provision of this Agreement may be (i) amended other than by a written instrument signed by both the Company and the Required Holders or (ii) waived other than in a written instrument signed by an authorized representative of the party against whom enforcement of such waiver is sought; provided that, that notwithstanding the foregoing, any amendment or modification to the Agreement that would have a disproportionately adverse effect on any Holder's rights hereunder in any material respect shall require the prior written consent of such Holder. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.



**ARTICLE 11**  
**MISCELLANEOUS**

11.1 Notices. All general notices, demands, consents, waivers or other communications required or permitted to be given or made hereunder (“Notices”) shall be in writing and delivered personally or sent by courier or sent by electronic mail to the intended recipient thereof. Any such Notice shall be deemed to have been duly served (a) if given personally or sent by local courier, upon delivery during normal business hours at the location of delivery or, if later, then on the next Business Day after the day of delivery; (b) if sent by electronic mail during normal business hours at the location of delivery, immediately, or, if later, then on the next Business Day after the day of delivery; or (c) the third (3rd) Business Day following the day sent by reputable international overnight courier (with written confirmation of receipt). Any notice or communication under this Agreement must be addressed:

If to the Company:

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Prenetics Global Limited  
[Unit 701-706, K11 Atelier King’s Road, 728 King’s Road, Quarry Bay, Hong Kong]  
Attention: [Mr. Danny Yeung/Mr. Stephen Lo]  
Email address: [danny@prenetics.com; stephen.lo@prenetics.com]

With a copy (which shall not constitute notice) to:

[XX LLP]  
[insert address]  
Attention: [XX]  
Email: [XX@XX].com

If to any Holder, at such Holder’s address or contact information as set forth under such Holder’s signature to this Agreement or to such Holder’s address as found in the Company’s books and records.

With a copy (which shall not constitute notice) to:

[XX LLP]  
[insert address]  
Attention: [XX]  
Email: [XX@XX].com

Any party may change its address for notice at any time and from time to time by written notice to the other parties hereto, and such change of address shall become effective thirty (30) days after delivery of such notice as provided in this Section 11.1. Any Holder not desiring to receive Notices at any time and from time to time may so notify the other parties, who shall thereafter not make, give or deliver any Notice to such Holder until duly notified otherwise (or until the expiry of any period specified in such Holder’s notice).

11.2 Counterparts. This Agreement may be executed in multiple counterparts (including by electronic means), each of which shall be deemed an original, and all of which together shall constitute the same instrument, but only one of which need be produced.

11.3 Governing Law; Venue. Each party expressly agrees that this Agreement, and all claims or causes of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby, shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to principles or rules of conflict of laws to the extent such principles or rules would require or permit the applicable of laws of another jurisdiction. Any claim or cause of action based upon, arising out of or related to this Agreement or the transactions contemplated hereby may be brought in federal and state courts located in the City of New York, Borough of Manhattan, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court, waives any obligation it may now or hereafter have to personal jurisdiction, venue or to convenience of forum, agrees that all claims in respect of any cause of action may be heard and determined only in any such court, and agrees not to bring any cause of action arising out of or relating to this Agreement or the transactions contemplated hereby in any other court. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof (certified or registered mail, return receipt requested) to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing herein contained shall be deemed to affect the right of any party to serve process in any manner permitted by law or to commence legal proceedings or otherwise proceed against any other party in any other jurisdiction, in each case, to enforce judgments obtained in any action brought pursuant to this Section 11.3. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION BASED UPON, ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.4 **Severability.** The invalidity or unenforceability of any specific provision of this Agreement shall not invalidate or render unenforceable any of its other provisions. The parties hereto further agree that if any provision contained in this Agreement is, to any extent, held invalid or unenforceable in any respect under the laws governing this Agreement, they shall take any actions necessary to render the remaining provisions of this Agreement valid and enforceable to the fullest extent permitted by law and, to the extent necessary, shall amend or otherwise modify this Agreement to replace any provision contained in this Agreement that is held invalid or unenforceable with a valid and enforceable provision giving effect to the intent of the parties hereto.

11.5 **Entire Agreement.** This Agreement, the other Transaction Documents (including any applicable Lock-up Agreements), the schedules and exhibits attached hereto and thereto and the instruments references herein and therein constitute the entire agreement and understanding of the parties solely with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements, negotiations and understandings between the parties, both oral and written, solely with respect to such matters. There are no restrictions, promises, undertakings, representations or warranties by either party relative to subject matter hereof not expressly set forth in the Transaction Documents provided, however, that nothing contained in this Agreement or any other Transaction Document shall (or shall be deemed to) (i) have any effect on any agreements any Holder has entered into with, or any instrument that any Investor received from, the Company prior to the date hereof with respect to any prior investment made by such Holder in the Company, (ii) waive, alter, modify or amend in any respect any obligations of the Company or any rights of or benefits to any Holder or any other Person in any agreement entered into prior to the date hereof between or among the Company and any Holder or any instrument that any Holder received prior to the date hereof from the Company and all such agreements and instruments shall continue in full force and effect or (iii) limit any obligations of the Company under any of the other Transaction Documents.

11.6 **Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party. Unless the context otherwise requires: (a) “or” is disjunctive but not exclusive; (b) words in the singular include the plural, and in the plural include the singular; (c) the words “hereof,” “herein,” “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and subsection references are to this Agreement unless otherwise specified; (d) the term “including” is not limiting and means “including without limitation”; (e) whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms; (f) references to agreements and other documents shall be deemed to include all subsequent amendments and other modifications or supplements thereto; and (g) references to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation. Where any Ordinary Shares are held by the Depository Trust Company or any person who operates a clearing system or issues depository receipts (or their nominees) and/or a nominee, custodian or trustee for any person, that person shall (unless the context requires otherwise) be treated for the purposes of this Agreement as the holder of those shares and references to shares being “held by” a person, to a person “holding” shares or to a person who “holds” any such shares, or equivalent formulations, shall be construed accordingly. The headings, subheadings and captions contained in this Agreement are included for convenience of reference only, and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

11.7 **Execution.** This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature or signature delivered by e-mail in a “.pdf” format data file, including any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com, www.echosign.adobe.com, etc., shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original signature.

11.8 **Successors.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors. This Agreement is not for the benefit of, nor may any provision hereof be enforced by, any Person, other than the parties hereto, their respective successors and the Persons referred to in [Section 6](#) and [Section 7](#) hereof.

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11.9 Obligations of the Holders. The obligations of each Holder under this Agreement and the other Transaction Documents are several and not joint with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under this Agreement or any other Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as, and the Company acknowledges that the Holders do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Holders are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Holder shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and each Holder, solely, and not between the Company and the Holders collectively and not between and among Holders.

11.7 Term. This Agreement shall terminate upon the earlier of (a) the tenth anniversary of the date of this Agreement or (b) with respect to any Holder, on the date that such Holder no longer holds any Registrable Securities. The provisions of Sections 4, 6, 7, 9, 10 and 11 hereof shall survive any termination.

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*[Signature Pages Follow]*

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**IN WITNESS WHEREOF**, the undersigned have caused this Agreement to be executed as of the date first written above.

**COMPANY**

**PRENETICS GLOBAL LIMITED**

[By: /s/ Danny Yeung\_\_\_\_\_

Name: Danny Yeung

Title: Director]

[Signature Page to Registration Rights Agreement]

---

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

**Holder:**

[•]

By: s/\_\_\_\_\_

Name:

Title:

Address for Notices:

[•]

[Signature Page to Registration Rights Agreement]

---

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

**Holder:**

[•]

By: s/ \_\_\_\_\_

Name:

Title:

Address for Notices:

[•]

[Signature Page to Registration Rights Agreement]

SCHEDULE 3

**Nomination Right Letter**

[\*], 2023

**Lo Yuk Ming Dennis**

Flat 8B, Highview,  
1A Cox's Road,  
Kowloon, Hong Kong

**Re: Nomination Right Letter**

Dear Professor Lo,

This letter will confirm our agreement that, pursuant to the share sale agreement between Prenetics Global Limited (the "**Company**"), Lo Yuk Ming Dennis ("**you**") and Chan Kwan Chee dated 25 June 2023 (the "**Share Sale Agreement**"), and for the consideration set out therein, you will be entitled to the following rights:

1. For so long as you directly or indirectly own any class A or class B ordinary shares of the Company, which together with the direct or indirect shareholding in the Company of Chan Kwan Chee would in aggregate count to at least 3% of the entire issued and outstanding share capital of the Company, you shall have the right, but not the obligation, to nominate (the "**Nomination**") one director (the "**Nominee**", the first such Nominee shall be Chan Kwan Chee) to the board of directors of the Company (the "**Board**"), and (i) the Company shall use its best efforts to cause the Board, whether acting through a committee of the Board or otherwise, to appoint the Nominee as a director of the Board, or, where necessary, to recommend the Nominee to the shareholders of the Company for election as a director of the Board at any annual or special meeting of the shareholders of the Company, and (ii) Danny Sheng Wu Yeung, being the majority shareholder of the Company ("**Mr. Yeung**"), shall procure the passing of the relevant resolutions to approve the Nomination within 30 days of the Nomination being made by you.
2. In addition, you shall be entitled by like means, to the exclusion of all others, to demand the removal of the Nominee and to fill any vacancy called by the resignation, death or removal of any Nominee, and the Company and Mr. Yeung shall use their best efforts to procure such removal in the like means as in the above paragraph 1, within 30 days of the demand for removal being made by you.
3. Upon appointment as director of the Board, the Nominee shall have the same rights as other directors of the Board as set out in the Company's amended memorandum and articles of association in force and under applicable laws and regulations. The Nominee shall be indemnified by the Company for losses arising out of serving in any and all such capacities on the terms and conditions no less favourable than is currently provided to any other director of the Company.
4. This letter is governed by the laws in force in Hong Kong.

SCHEDULE 3

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5. The parties agree to negotiate in good faith to resolve any dispute between them regarding this agreement. In the event the negotiations cannot resolve any such dispute between the parties within thirty (30) days, such dispute shall be referred to and finally settled by arbitration administered by the Hong Kong International Arbitration Centre (the “**HKIAC**”) for arbitration in Hong Kong. The arbitration shall be conducted in accordance with the HKIAC Administered Arbitration Rules in force at the time of the initiation of the arbitration, which rules are deemed to be incorporated by reference into this subsection (b). The seat of arbitration shall be Hong Kong. There shall be one (1) arbitrator jointly nominated by the parties, who shall be qualified to practice the laws of the Hong Kong. In the event that the parties cannot jointly agree on an arbitrator, the HKIAC shall appoint an arbitrator. The arbitral proceedings shall be conducted in English. The award of the arbitral tribunal shall be final and binding upon the parties thereto.

Yours sincerely,

For and on behalf of  
Prenetics Global Limited

---

Name:  
Title:

Majority Shareholder of  
Prenetics Global Limited

---

Danny Sheng Wu Yeung

Agreed and acknowledged by

---

Lo Yuk Ming Dennis

SCHEDULE 3



**EXECUTED** as an agreement

**SIGNING PAGE**

DATED:

**VENDORS**

**SIGNED** by **LO YUK MING DENNIS** ) /s/ Lo Yuk Ming Dennis

in the presence of: )

/s/ Dieter Yih )

\_\_\_\_\_)  
Signature of witness )

DIETER YIH )

\_\_\_\_\_)  
Name of witness (block letters) )

\_\_\_\_\_)  
Address of witness )

Signature Page to Share Sale Agreement

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**SIGNED by CHAN KWAN CHEE** ) /s/ Chan Kwan Chee

in the presence of: )

/s/ Dieter Yih )

\_\_\_\_\_)  
Signature of witness )

DIETER YIH )

\_\_\_\_\_)  
Name of witness (block letters) )

\_\_\_\_\_)  
Address of witness )

Signature Page to Share Sale Agreement

**PURCHASER**

SIGNED by )  
for and on behalf of )  
**PRENETICS GLOBAL LIMITED** )  
in the presence of: )

\_\_\_\_\_  
/s/ Stephen Lo )

\_\_\_\_\_  
/s/ Danny Yeung )

\_\_\_\_\_  
Signature of witness )

\_\_\_\_\_  
By executing this agreement, the signatory warrants that the signatory is  
duly authorised to execute this agreement for and on behalf of  
**PRENETICS GLOBAL LIMITED**

\_\_\_\_\_  
STEPHEN H.C. LO )

\_\_\_\_\_  
Name of witness (block letters) )

\_\_\_\_\_  
Address of witness )

# SHARE SUBSCRIPTION AGREEMENT

Dated 25 June 2023

By and between

**Insighta Holdings Limited**  
(the “Company”)

and

**Prenetics Global Limited**  
(the “Subscriber”)

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# SHARE SUBSCRIPTION AGREEMENT

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## DETAILS

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Parties	The Company and the Subscriber	
Company	Name	<b>Insigha Holdings Limited</b>
	Registered Office Address	The offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands
	Correspondence address	21C Emperor Height, 5 Cox's Road, Jordan, Kowloon, Hong Kong
	Email address	corporate.affairs@insigha.com
	Attention	The Board of Directors

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**The Subscriber** Please refer to the particulars in Schedule 1.

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Recitals	A	(i)	As at the date of this Agreement, Lo Yuk Ming Dennis (“ <b>Dennis Lo</b> ”) holds/has made the application for 650,000 Class B Shares and 130,000 Class A Shares, and Chan Kwan Chee (“ <b>Allen Chan</b> ”) holds/has made the application for 420,000 Class A Shares.
		(ii)	Around the same time of this Agreement, Dennis Lo and Allen Chan, as sellers, entered or shall enter into a share sale agreement (the “ <b>Share Sale Agreement</b> ”) with the Subscriber pursuant to which each of Dennis Lo and Allen Chan shall respectively sell 130,000 Class A Shares and 70,000 Class A Shares to the Subscriber for certain consideration on the terms set out in the Share Sale Agreement. The sale price per share shall be US\$100.00.
	B		The Subscriber intends to be a partner of the Company to commercialise the technology being developed by the Company. The Subscriber therefore intends to invest in the Company by subscribing for, and the Company will issue and allot to the Subscriber, the Subscription Shares (as defined below) upon the terms and conditions set out in this Agreement.

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C The shareholding structure of the Company is set out below:

(a) Immediately before the Subscription:

<u>Name of Shareholders</u>	<u>Number and class of Shares</u>	<u>Percentage of issued share capital (%)</u>
Dennis Lo	650,000 Class B Shares and 130,000 Class A Shares	65.00
Allen Chan	420,000 Class A Shares	35.00
<b>Total</b>	<b>1,200,000</b>	<b>100.00</b>

(b) Immediately after the Subscription (assuming the simultaneous consummation of the transfer of 130,000 Class A Shares and 70,000 Class A Shares from each of Dennis Lo and Allen Chan respectively to the Subscriber on the terms set out in the Share Sale Agreement and disregarding any shares to be issued or reserved with respect to any share option scheme as contemplated under Clause 6.4):

<u>Name of Shareholders</u>	<u>Number and class of Shares</u>	<u>Percentage of issued share capital (%)</u>
The Subscriber	1,000,000 Class A Shares	50.00
Dennis Lo	650,000 Class B Shares	32.50
Allen Chan	350,000 Class A Shares	17.50
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>

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**Governing law and jurisdiction**

Hong Kong

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**Date of agreement**

See Signing Page

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## GENERAL TERMS

### 1. INTERPRETATION

#### 1.1 Definitions

These meanings, together with the meanings in the Details, apply unless the contrary intention appears.

- “Affiliate”** means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the specified Person. For the purposes of this definition, a Person shall be deemed to be **“controlled by”** another Person if the other possesses, directly or indirectly, power either (i) to vote fifty percent (50%) or more of the securities having voting power for the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.
- “Agreement”** means this share subscription agreement.
- “Amended Articles”** means the second amended and restated memorandum and articles of association of the Company in the same form as attached hereto as Schedule 4 which shall be adopted by the Company and be effective as of Completion.
- “Applicable Laws”** means, with respect to a Person, any laws, regulations, rules, measures, guidelines, treaties, judgments, determination, decisions, orders or notices, demands, decree, of any Government Agency or stock exchange and in any jurisdiction that is applicable to such Person.
- “Articles”** means, with respect to the Company, the memorandum and articles of association adopted by the Company and in effect from time to time.
- “Board”** means the board of directors of the Company.
- “Business Day”** means a day other than a Saturday, Sunday or other day on which commercial banks in Hong Kong, the State of New York, the USA or the Cayman Islands are required or authorised by law to be closed, or on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

<b>“Class A Shares”</b>	means Class A ordinary shares with par value of US\$0.0001 each in the share capital of the Company, each having the rights, benefits and privileges of a “Class A ordinary share” as set out in the Articles, each a <b>“Class A Share”</b> .
<b>“Class B Shares”</b>	means Class B ordinary shares with par value of US\$0.0001 each in the share capital of the Company, each having the rights, benefits and privileges of a “Class B ordinary share” as set out in the Articles, each a <b>“Class B Share”</b> .
<b>“Completion”</b>	has the meaning given in Clause 3.1.
<b>“Completion Date”</b>	means the Business Day three (3) Business Days after the satisfaction or waiver of the Conditions, in accordance with the terms of this Agreement, or any other date agreed by the Company and the Subscriber.
<b>“Conditions”</b>	means the conditions precedents set out in Clause 2.2 and any one of them, a <b>“Condition”</b> .
<b>“Confidential Information”</b>	means all information (regardless of its form) disclosed to a Party (or to its Affiliate or Representative) under or in connection with this Agreement as well as the terms of this Agreement or the other Transaction Documents. The term does not include information which: <ul style="list-style-type: none"> <li>(a) is in the public domain other than through breach of this Agreement or an obligation of confidence owed to the discloser or any Affiliate of the discloser;</li> <li>(b) was already known to the receiver at the time of that disclosure (unless that knowledge arose from a breach of an obligation of confidentiality); or</li> <li>(c) the receiver acquires from a source other than the discloser (or any Affiliate or Representative of the discloser), where that source is entitled to disclose it.</li> </ul>
<b>“Deed of Appointment”</b>	means the deed of appointment executed by the Company and Danny Sheng Wu Yeung under Clauses 3.2(a) and 3.2(d).
<b>“Deeds”</b>	means the deed of undertakings made on the Completion Date by and among the Company, its Subsidiary, Dennis Lo and Allen Chan, and the Deed of Appointment.

<b>“End Date”</b>	means 15 August 2023 or such other date as may be agreed by the Parties.
<b>“Government Agency”</b>	means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.
<b>“Group”</b>	means the Company and all Subsidiaries, and any one of them, the <b>“Group Member”</b> .
<b>“HKIAC”</b>	has the meaning given in Clause 9.15(b).
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China.
<b>“Nomination Right Letter”</b>	means the letter signed by the board of directors of the Subscriber and Danny Sheng Wu Yeung dated the Completion Date.
<b>“Person”</b>	means any individual, entity or group, including, without limitation, any corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organisation or governmental or regulatory authority.
<b>“Registration Rights Agreement”</b>	has the meaning given in the Share Sale Agreement.
<b>“Representative”</b>	means an employee, agent, officer, director, auditor, adviser, partner, associate, consultant, joint venturer or sub-contractor of a Party or of an Affiliate of that Party.
<b>“Shareholder”</b>	means the holder of Shares of the Company.
<b>“Shareholders’ Agreement”</b>	means the amended and restated shareholders’ agreement in the form as set out in Schedule 3.
<b>“Shareholders’ Loan”</b>	means the loan extended by Dennis Lo and Allen Chan to the Group in the amount of HK\$3,500,000 pursuant to the loan agreement dated 7 June 2023.
<b>“Shares”</b>	means Class A Shares and Class B Shares.
<b>“Subscriber”</b>	means Prenetics Global Limited, an exempted company limited by shares incorporated in the Cayman Islands.
<b>“Subscription”</b>	means the subscription of the Subscription Shares at the Subscription Price.

<b>“Subscription Price”</b>	means the subscription price of the Subscription Shares, in the aggregate amount of US\$80,000,000, and at a per share subscription price of US\$100.00.
<b>“Subscription Shares”</b>	means 800,000 Class A Shares.
<b>“Subsidiary”</b>	means, as of the relevant date of determination, with respect to any Person (the <b>“subject entity”</b> ), (i) any Person (x) more than fifty percent (50%) of whose shares or other interests entitled to vote in the election of directors or (y) more than a fifty percent (50%) interest in the profits or capital of such Person are owned or controlled directly or indirectly by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any Person whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with any accounting standard, or (iii) any Person with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary. For the avoidance of doubt, the Subsidiaries of the Company shall include the Group Members.
<b>“Take2 Transaction”</b>	means subscription of 1,024 ordinary shares of Take2 Holdings Limited by the Subscriber.
<b>“Transaction Documents”</b>	means this Agreement, the Amended Articles, the Shareholders’ Agreement, the Share Sale Agreement, the Nomination Right Letter, the Registration Rights Agreements, the Deeds and each of the documents, instruments, certificates and other ancillary documents required to be entered into or delivered by the Parties or their respective Affiliates in accordance with the terms of this Agreement.
<b>“US\$”</b>	means the lawful currency of the United States of America.

**1.2 Recitals, schedules, etc.**

References to this Agreement means this share subscription agreement and shall include the Recitals and Schedules which form part of this Agreement for all purposes. The Recitals do not create binding obligations on a Party. References in this Agreement to the “Parties”, the “Recitals”, “Schedules” and “Clauses” are references respectively to the parties and their legal personal representatives, successors and permitted assigns, the recitals and schedules to and clauses of this Agreement. References to paragraphs in each Schedule are references to paragraphs in that particular Schedule.

### 1.3 Statutory provisions

All references to statutes, statutory provisions, enactments, directives or regulations shall include references to any consolidation, re-enactment, modification or replacement of them, any statute, statutory provision, enactment, directive or regulation of which it is a consolidation, re-enactment, modification or replacement and any subordinate legislation in force under any of them from time to time.

## 2. SUBSCRIPTION OF SHARE

### 2.1 Subscription

- (a) The Company shall allot and issue to the Subscriber, and the Subscriber shall subscribe for, the Subscription Shares at the Subscription Price, on the terms and conditions of this Agreement at Completion.
- (b) With effect on and from Completion, the issued and paid-up share capital of the Company will comprise 1,350,000 Class A Shares and 650,000 Class B Shares held by the following parties:

<u>Name of Shareholders</u>	<u>Number of Class A Shares</u>	<u>Number of Class B Shares</u>	<u>Percentage of issued share capital (%)</u>
Dennis Lo	—	650,000	32.50
Allen Chan	350,000	—	17.50
The Subscriber	1,000,000	—	50.00
<b>Total:</b>	<b><u>1,350,000</u></b>	<b><u>650,000</u></b>	<b><u>100</u></b>

- (c) Use of Proceeds. Unless otherwise approved by the Shareholders, the Group shall use the proceeds from Completion for working capital and general corporate purposes of the Group, and the repayment of the Shareholders' Loan in accordance with Clause 6.3.

### 2.2 Conditions to Completion

Subject to the fulfilment of the following Conditions, the Company and the Subscriber shall proceed with Completion whereupon the Subscriber shall subscribe for the Subscription Shares at the Subscription Price, and the Company shall allot and issue the Subscription Shares to the Subscriber at the Subscription Price.

- A The obligations of the Subscriber under Clause 2.1 of this Agreement are subject to the fulfilment or waiver on or before the End Date of each of the following conditions, it being understood and agreed that each such Condition is solely for the benefit of the Subscriber.

- 
- (a) Representations and Warranties. Each representation and warranty of the Company contained in Clause 4.1 of this Agreement will be true and correct in all respects as of Completion.
- (b) Performance. The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before Completion.
- (c) Qualifications. The Company shall have obtained as of Completion all consents, authorizations, approvals, permits and waivers that are necessary to be obtained by the Company before Completion in connection with the consummation of the transactions contemplated by this Agreement.
- (d) Articles. The memorandum and articles of association of the Company shall have been duly amended so that it is in the form of the Amended Articles to be taken effect as of Completion.
- (e) Waiver of Pre-emptive Rights. Dennis Lo and Allen Chan shall have waived, in writing, any pre-emptive rights or other right of first offer over issuances of share capital by the Company, if any, in connection with the transactions contemplated by this Agreement as of the Completion.
- (f) Shareholders' Agreement. The Company, Dennis Lo and Allen Chan shall have duly executed and delivered to the Subscriber the Shareholders' Agreement as of the Completion.
- (g) Bank Account. The Company shall have notified the Subscriber in writing the details of the bank account of the Company or Insighta Limited, a Subsidiary of the Company, to which the Subscriber shall pay the Subscription Price pursuant to Clause 3.3(b).
- (h) Restructuring. The Company shall have completed restructuring to the effect that, immediately prior to Completion, it will have in total 1,200,000 Shares, of which 650,000 Class B Shares and 130,000 Class A Shares are held by Dennis Lo and 420,000 Class A Shares are held by Allen Chan.
- B The obligations of the Company under Clause 2.1 of this Agreement to the Subscriber are subject to the fulfilment or waiver on or before the End Date of each of the following conditions, it being understood and agreed that each such Condition is solely for the benefit of the Company:
- (a) Representations and Warranties. Each representation and warranty of the Subscriber contained in Clause 4.2 of this Agreement will be true and correct in all material respects as of Completion with the same force and effect as if made on and as of Completion.
- (b) Performance. The Subscriber shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Subscriber on or before Completion.

- 
- (c) Qualifications. The Subscriber shall have obtained as of Completion all consents, authorisations, approvals, permits and waivers that are necessary to be obtained by the Subscriber, including the approval of the board of directors of the Subscriber, before Completion in connection with the consummation of the transactions contemplated by this Agreement.
  - (d) Shareholders' Agreement. The Subscriber shall have duly executed and delivered to the Company the Shareholders' Agreement as of the Completion.
- C The Parties agree that the Subscription, the transaction contemplated under the Share Sale Agreement and the Take2 Transaction are inter-conditional upon each other, accordingly Completion is conditional upon fulfilment or waiver of the Conditions and the conditions as specified in the Share Sale Agreement and the relevant definitive agreements for the Take2 Transaction.

### 2.3 Reasonable best endeavours obligation

Each of Company and the Subscriber must:

- (a) use its reasonable best endeavours to satisfy its respective Conditions as set forth in Clause 2.2, respectively, as soon as reasonably practicable and in any event by the End Date; and
- (b) keep the other Party informed of any circumstances which may result in any Condition to be satisfied by it not being satisfied in accordance with its terms.

### 2.4 Waiver

If a Condition is expressed to be for the benefit of one of the Parties, that Party may at any time waive that Condition by written notice to the other Party.

## 3. COMPLETION

### 3.1 Completion

- (a) The Company and the Subscriber agree that Completion shall take place simultaneously with completion of the Share Sale Agreement and the relevant agreement for the Take2 Transaction on the Completion Date, and at the place (or remotely via exchange of documents and signatures) as the Company and the Subscriber may agree in writing, where all the events described in Clauses 3.2 and 3.3 shall occur (such time and place, the "**Completion**"). Subject to the terms and conditions of this Agreement, at Completion, the Company shall allot and issue to the Subscriber the Subscription Shares in exchange for the Subscription Price.
- (b) For the avoidance of doubt, where all Conditions as described in Clause 2.2 have been fulfilled or duly waived, the Parties shall be obliged to proceed with Completion in accordance with the terms of this Agreement.

### 3.2 Obligations of the Company at Completion

At Completion, the Company shall deliver to the Subscriber:

- (a) a copy of the resolutions passed by the Board and the Shareholders of the Company:
  - (i) approving the execution and delivery of the Transaction Documents and all other documents and agreements in relation to the Subscription by the Company;
  - (ii) approving the adoption of the Amended Articles;
  - (iii) approving the issue and allotment of Subscription Shares to the Subscriber;
  - (iv) authorising the issue of new share certificates in respect of the Subscription Shares in favour of the Subscriber;
  - (v) approving the entry into the register of members of the Company, the name of the Subscriber as the holder of the Subscription Shares, and the making of such other entries into other corporate records of the Company as may be necessary;
  - (vi) approving the execution of the Deed of Appointment in respect of the appointment of Mr. Danny Sheng Wu Yeung as the chief executive officer of the Company;
  - (vii) approving the appointments of the individuals nominated by Dennis Lo, Allen Chan and the Subscriber as the directors of the Company;
  - (viii) approving the repayment of the Shareholders' Loan; and
- (b) four sets of original Shareholders' Agreement executed by the Company, Dennis Lo and Allen Chan;
- (c) a certificate executed by a director of the Company dated as of Completion (i) stating that the Conditions specified in Clause 2.2A hereof have been fulfilled as of the date of the Completion, and (ii) attaching thereto copies of all resolutions approved by the Shareholders and the Board related to the transactions contemplated hereunder;
- (d) two sets of original Deed of Appointment executed by the Company;
- (e) on Completion Date, a copy of the updated register of members of the Company showing the Subscriber as the holder of the Subscription Shares, certified by the registered agent of the Company; and
- (f) a copy of the updated register of directors of the Company showing the individuals nominated by Dennis Lo, Allen Chan and the Subscriber as the directors of the Company, certified by the registered agent of the Company.



### 3.3 Obligations of the Subscriber on Completion

On Completion and subject to the Company's satisfaction of Clauses 2.2A and 3.2, the Subscriber shall:

- (a) deliver to the Company an application for the Subscription Shares, duly completed and executed by the Subscriber, in the form set out in Schedule 2;
- (b) pay the Subscription Price to the Company by telegraphic transfer to the bank account as referred in Clause 2.2A(g) with the details of which as the Company may notify the Subscriber not later than three (3) Business Days prior to Completion;
- (c) deliver to the Company a certificate executed by a director of the Subscriber dated as of the Completion (i) stating that the Conditions specified in Clause 2.2B hereof have been fulfilled as of the date of the Completion, and (ii) attaching thereto copies of all resolutions approved by the board of directors of Subscriber related to the transactions contemplated hereunder;
- (d) deliver to the Company two sets of original Deed of Appointment executed by Mr. Danny Sheng Wu Yeung; and
- (e) deliver to the Company four sets of original Shareholders' Agreement executed by the Subscriber.

## 4. WARRANTIES

### 4.1 Warranties by the Company

The Company, represents and warrants to the Subscriber that each of the following statements is correct and not misleading in any material respect on and as of the date of this Agreement and shall remain correct and not misleading, in any material respect, as at Completion Date:

- (a) **(incorporation)** each Group Member has been duly incorporated in accordance with the laws in its place of incorporation and is validly existing under those laws;
- (b) **(power)** it has the power to enter into and perform this Agreement and each document to be executed at or before Completion to which it is a party and to comply with its obligations under them;
- (c) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Agreement and each document to be executed at or before Completion to which it is a party, to comply with its obligations and exercise its rights under them and to allow them to be enforced;
- (d) **(validity of obligations)** its obligations under this Agreement are valid and binding and enforceable against it; and
- (e) **(no contravention)** this Agreement and the performance of its obligations under it do not contravene its constitution (where applicable) or any law or regulation by which it is bound or cause a default under any agreement, undertaking or other obligation by which it is bound.

## 4.2 Warranties by the Subscriber

The Subscriber, represents and warrants to the Company that each of the following statements is true, correct, complete and not misleading on the date of this Agreement and will be correct and not misleading, in any material respect, as at the Completion Date:

- (a) **(incorporation)** it has been duly incorporated in accordance with the laws in its place of incorporation and is validly existing under those laws;
- (b) **(power)** it has the power to enter into and perform this Agreement and each document to be executed at or before Completion to which it is a party and to comply with its obligations under them;
- (c) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Agreement and each document to be executed at or before Completion to which it is a party, to comply with its obligations and exercise its rights under them and to allow them to be enforced;
- (d) **(validity of obligations)** its obligations under this Agreement are valid and binding and enforceable against it; and
- (e) **(no contravention)** this Agreement and the performance of its obligations under it do not contravene its constitution (where applicable) or any law or regulation by which it is bound or cause a default under any agreement, undertaking or other obligation by which it is bound.

## 5. DEFAULT AND TERMINATION

### 5.1 Termination of agreement for non-satisfaction of Conditions

- (a) If a Condition in Clause 2.2A is not satisfied as required or a closing deliverable under Clause 3.2 is not duly delivered by the Company or otherwise duly waived by the Subscriber by 5.00 p.m. on the End Date, then this Agreement may be terminated by the Subscriber by written notice to the Company; or
- (b) If a Condition in Clause 2.2B is not satisfied as required or a closing deliverable under Clause 3.3 is not duly delivered by the Subscriber or otherwise duly waived by the Company by 5.00 p.m. on the End Date, then this Agreement may be terminated by the Company by written notice to the Subscriber.

### 5.2 Effect of termination

- (a) If this Agreement is terminated under Clause 5.1, then, in addition to any other rights, powers or remedies provided by law, each Party retains the rights it has against the other Party in connection with any breach or claim that has arisen before termination.
- (b) The termination of this Agreement under this Clause does not affect any other rights the Parties have against one another at law or in equity and Clause 1 (“**Interpretation**”), Clause 7 (“**Confidentiality**”), Clause 8 (“**Costs**”), Clause 9.1 (“**Notices**”) and Clause 9.15 (“**Governing law and dispute resolutions**”) shall survive the termination of this Agreement.

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## **6. POST-COMPLETION UNDERTAKINGS**

### **6.1 Further assurances**

The Parties shall use all reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Party hereto in doing, all things necessary, proper or advisable under Applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including but not limited to satisfying the Conditions and requirements set forth in Clauses 2 and 3, provided that except as expressly provided herein, no Party shall be obligated to grant any waiver of any condition or other waiver hereunder.

### **6.2 Share certificate**

As soon as practicable after Completion, and in any event no later than five (5) Business Days after Completion, the Company shall provide the original(s) of the duly issued share certificate or certificates to the Subscriber representing the Subscription Shares, duly signed and sealed for and on behalf of the Company.

### **6.3 Shareholders' Loan**

The Parties shall procure the Company to fully repay the Shareholders' Loan to Dennis Lo and Allen Chan within seven (7) days after the Completion.

### **6.4 Share option scheme**

The Parties agree that, after Completion, the Company shall implement a share option plan for its directors, officers, consultants, advisors and employees, and the relevant Shares to be allotted and issued pursuant to such share option plan shall represent ten percent (10%) of the total issued share capital of the Company immediately after Completion, or shall otherwise be determined by the Board after Completion.

## **7. CONFIDENTIALITY**

### **7.1 Confidential Information**

No Confidential Information of any Party hereto (the "disclosing party" for the purpose of Clause 7) received by the other Party hereto (the "receiving party" for the purpose of this Clause 7) or its Representatives, may be disclosed by such receiving party to any other Person except:

- (a) to its Representatives, requiring the information for the purposes of this Agreement;
- (b) with the consent of the disclosing party; or
- (c) to the extent the Subscriber is the receiving party, if the Subscriber is required or requested to do so by law, regulation, legal process or the rules or order of any Government Agency or by the requirements of SEC or the relevant stock exchange, whether or not the requirement has the force of law, and such receiving party shall procure any of its Representatives that has received such Confidential Information to comply with above as if such Representative is a receiving party and shall be responsible for any violation of this Clause 7 by its Representative.

## 7.2 Announcements or releases

A Party may not make press or other announcements or releases relating to this Agreement and the matters referred to in this Agreement and the other Transaction Documents without the prior approval of the other Party to the form and manner of the announcement or release unless and to the extent that disclosure is required or requested to be made by a Party by law, regulation, legal process or the rules or order of any Government Agency or by the requirements of SEC or the relevant a stock exchange, whether or not the requirement has the force of law. To the extent that the announcement or release is so required or requested to be made by any Party, the disclosing party must, as far as reasonably practicable and legally permissible, consult with the other Party as to the content any such announcement or release.

## 8. COSTS

### 8.1 Legal costs

Each Party agrees to pay its own legal and other costs and expenses in connection with the negotiation, preparation, execution and completion of the Transaction Documents.

### 8.2 Electronic transfer

In respect of any electronic transfer for same-day value made in connection with this Agreement, any costs or bank or other charges of the sending bank shall be borne by the Party making that payment.

## 9. GENERAL

### 9.1 Notices

Any notice or other communication given or made under this Agreement shall be in writing and shall, unless otherwise specified, be in English. Any such notice or other communication shall be sent to the address or the email address of each Party as identified with its name below, or as otherwise advised by any Party to this Agreement from time to time, and marked for the attention of the Person stated below.

#### Company

Address : 21C, Emperor Height, 5 Cox's Road, Jordan,  
Kowloon, Hong Kong

Email address : corporate.affairs@insighta.com

Attention : Board of Directors

#### Subscriber

Address : Unit 701-706, K11 Atelier King's Road, 728 King's  
Road, Quarry Bay, Hong Kong

Email address : [danny@prenetics.com](mailto:danny@prenetics.com)

Attention : Mr. Danny Sheng Wu Yeung

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Any notice if so addressed shall be deemed to have been duly given or made as follows:

- (a) if sent by personal delivery, upon delivery at the address of the relevant Party;
- (b) if sent by post, two (2) Business Days (if posted within Hong Kong) or five (5) Business Days (if posted outside of Hong Kong) after the date of posting; and
- (c) if sent by email:
  - (i) when the sender receives an automated message confirming delivery; or
  - (ii) four (4) hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

## **9.2 Changes to addresses**

A Party may notify the other Party to this Agreement of a change to its relevant address or email address for the purposes of this Clause 9 provided that such notification shall only be effective on:

- (i) the date specified in the notification as the date on which the change is to take place; or
- (ii) if no date is specified or the date specified is earlier than the date on which a notice is deemed under Clause 9.1 to have been duly given, the date on which such notice is so deemed to have been duly given.

## **9.3 No assignment**

A Party must not assign, transfer, dispose of or otherwise part with any of its rights under this Agreement without the consent of the other Party. Any such assignment without such prior written consent shall be null and void. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the Parties hereto and their respective heirs, successors and permitted assigns.

## **9.4 Severability**

If any provision of this Agreement is held by a court of competent jurisdiction or arbitral tribunal to be invalid or unenforceable the other provisions shall remain in full force to the fullest extent permitted by law. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force to the extent not held invalid or unenforceable and the provision in question shall apply with any modification that may be necessary to make it valid or enforceable.

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**9.5 Discretion in exercising rights**

A Party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this Agreement expressly states otherwise.

**9.6 Failure to exercise rights**

Except as otherwise set out in this Agreement or expressly agreed by the Parties in writing, any partial exercise, failure to exercise, or delay in exercising, a right or remedy provided under this Agreement or by law does not operate as a waiver or prevent or restrict any further or other exercise of that or any other right or remedy in accordance with this Agreement.

**9.7 No liability for loss**

- (a) Except as otherwise set out in this Agreement, a Party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy that is available to it under this Agreement.
- (b) Except as otherwise provided in this Agreement, the rights and remedies under this Agreement are cumulative, may be exercised as often as the relevant Party considers appropriate and are in addition to its rights and remedies provided by Applicable Laws.

**9.8 Approvals and consents**

By giving its approval or consent a Party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

**9.9 Remedies cumulative**

The rights and remedies provided in this Agreement are in addition to other rights and remedies given by law independently of this Agreement.

**9.10 Rights and obligations are unaffected**

Rights given to the Parties under this Agreement and the Parties' liabilities under it are not affected by anything which might otherwise affect them by law.

**9.11 Variation and waiver**

- (a) A provision of this Agreement or a right created under it, may not be waived or varied unless it is in writing and signed by or on behalf of the Company and Subscriber (or, in the case of a waiver, by or on behalf of the Party waiving compliance).
- (b) Unless expressly agreed, no variation or waiver of any provision of this Agreement shall constitute a general variation or waiver of any provision of this Agreement, nor shall it affect any rights, obligations or liabilities under this Agreement that have already accrued up to the date of variation or waiver, and the rights and obligations of the Parties under this Agreement shall remain in full force, except and only to the extent that they are so varied or waived.

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- (c) Any consent granted under this Agreement shall be effective only if given in writing and signed by the consenting Party and then only in the instance and for the purpose for which it was given.

#### **9.12 Survival of Warranties**

The representations and warranties of the Company and the Subscriber made in writing in this Agreement shall be true and correct as of the date of this Agreement and shall remain true and correct until and as of the date of the Completion.

#### **9.13 Further steps**

Each Party agrees, at its own expense but subject to Clause 8 hereof, to do anything the other Party reasonably requests (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this Agreement and the transactions contemplated by it.

#### **9.14 Entire agreement**

This Agreement, together with other Transaction Documents, constitutes the entire agreements of the Parties about its subject matter. It supersedes all previous agreements (whether written or oral), understandings and negotiations on that subject matter.

#### **9.15 Governing law and dispute resolutions**

- (a) The construction, validity and performance of this Agreement and all non-contractual obligations (if any) arising from or connected with this Agreement shall be governed by the laws in force in Hong Kong.
- (b) The Parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. In the event the negotiations cannot resolve any such dispute between the Parties within thirty (30) days, such dispute shall be referred to and finally settled by arbitration administered by the Hong Kong International Arbitration Centre (the “**HKIAC**”) for arbitration in Hong Kong. The arbitration shall be conducted in accordance with the HKIAC Administered Arbitration Rules in force at the time of the initiation of the arbitration, which rules are deemed to be incorporated by reference into this subsection (b). The seat of arbitration shall be Hong Kong. There shall be one (1) arbitrator jointly nominated by Parties, who shall be qualified to practice the laws of the Hong Kong. In the event that the Parties cannot jointly agree on an arbitrator, the HKIAC shall appoint an arbitrator. The arbitral proceedings shall be conducted in English. The award of the arbitral tribunal shall be final and binding upon the Parties thereto.

#### **9.16 Serving documents**

Without preventing any other method of service, any document in an action may be served on a Party by being delivered to or left at that Party’s address in Clause 9.1.

## 9.17 Counterparts

This Agreement may consist of a number of copies, each signed by one or more Parties to the agreement. If there are a number of signed copies they are treated as making up the one document and the date on which the last counterpart is executed is the date of the agreement. Facsimile signatures, electronic signatures or signatures sent by email attachment shall be valid and binding to the same extent as original signatures. This Agreement shall not be effective until each Party has executed at least one counterpart.

## 9.18 References to certain general terms

Unless the contrary intention appears, a reference in this Agreement to:

- (a) **(variations or replacements)** a document (including this Agreement) includes any variation or replacement of it;
- (b) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) **(singular includes plural)** the singular includes the plural and vice versa;
- (d) **(executors, administrators, successors)** a particular Person includes a reference to the Person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (e) **(two or more Persons)** an agreement, representation or warranty in favour of two or more Persons is for the benefit of them jointly and each of them individually;
- (f) **(dollars)** US\$ is a reference to the lawful currency of the United States of America and HK\$ is a reference to the lawful currency of Hong Kong;
- (g) **(meaning not limited)** the words "include", "including", "for example" or "such as", when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (h) **(other)** general words introduced by the word "other" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters of things;
- (i) **(matter)** references to any "matter" shall be deemed to include any fact, matter, event or circumstance (including any omission to act);
- (j) **(in writing)** references to "**writing**" or "**written**" include any method of reproducing words or text in a legible and non-transitory form and, for the avoidance of doubt, shall include text transmitted by e-mail; and
- (k) when calculating the period of time before which, within which or following which any act is to be done or step taken under this Agreement, the date that is the reference date in calculating the period shall be excluded. If the last day of that period is not a Business Day, the period in question shall end on the next Business Day.



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**9.19 Next day**

If an act under this Agreement to be done by a Party on or by a given day is done after 5:30 pm on that day, it is taken to be done on the next day.

**9.20 Next Business Day**

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

**9.21 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only. They do not affect the interpretation of this Agreement.

**9.22 Third Party Rights**

Except as expressly provided in this Agreement, a Person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) 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 that Ordinance.

**EXECUTED** as an agreement

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**SCHEDULE 1**

**PARTICULARS OF THE SUBSCRIBER**

Details of Subscriber

<b>Name</b>	<b>Address and Email</b>	<b>Number of the Subscription Shares</b>	<b>Shares Subscription Price (US\$)</b>
1 Prenetics Global Limited	Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands  Attention: Mr. Danny Sheng Wu Yeung  Email: danny@prenetics.com	800,000	80,000,000.00

SCHEDULE 1

SCHEDULE 2

SUBSCRIPTION FORM

To: Insighta Holdings Limited (the “**Company**”)  
The offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands

Attention: The Board of Directors of the Company

[date]

Dear Sirs

**Application for shares pursuant to the Share Subscription Agreement dated [1] 2023**

We, Prenetics Global Limited, of Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands:

- (a) hereby apply for the allotment of 800,000 the Subscription Shares in the capital of the Company to be credited as fully-paid in consideration of our payment of the Subscription Price under the Share Subscription Agreement entered into between the Company and us on [1] 2023;
- (b) agree to be bound by the Amended Articles; and
- (c) authorise you to enter our/my name in the register of members of the Company as the holder of the Subscription Shares.

Capitalised terms which are used but not defined in this application have the meaning given to them (if any) in the Share Subscription Agreement.

Yours faithfully

For and on behalf of

**Prenetics Global Limited**

\_\_\_\_\_  
Name:

Title:

SCHEDULE 2

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**SCHEDULE 3**

**FORM OF SHAREHOLDERS' AGREEMENT**

SCHEDULE 3

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**Shareholders' Agreement**

Dated 2023

By and between

Lo Yuk Ming Dennis  
Chan Kwan Chee  
(collectively, the "**Founders**")

Insighta Holdings Limited  
(the "**Company**")

and

Prenetics Global Limited  
(the "**Prenetics**")

# Shareholders' Agreement

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**DETAILS**

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**Parties** **Lo Yuk Ming Dennis, Chan Kwan Chee, the Company and Prenetics**

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**Lo Yuk Ming Dennis**

Address

Email

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**Chan Kwan Chee**

Address

Email

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**Company**

Name

Address

Email

Attention

**Insighta Holdings Limited**

Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands

corporate.affairs@insighta.com

The Board of Directors

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**Prenetics**

Name

Address

Email

Attention

**Prenetics Global Limited**

Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands

danny@prenetics.com

Mr. Danny Sheng Wu Yeung

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**Recitals**

- A** As of Completion (as defined in the Share Subscription Agreement), the issued share capital of the Company comprises 1,350,000 Class A Shares (as defined herein) and 650,000 Class B Shares (as defined herein), held by the following parties:

<u>Name of Shareholders</u>	<u>Number and class of Shares</u>	<u>Percentage of issued share capital (%)</u>
Prenetics Global Limited	1,000,000 Class A Shares	50.00
Lo Yuk Ming Dennis	650,000 Class B Shares	32.50
Chan Kwan Chee	350,000 Class A Shares	17.50
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>

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- B** Prenetics has agreed to subscribe to the Company for, and the Company has agreed to issue to Prenetics, at Completion, certain Class A Shares of the Company on the terms and conditions set forth in the Share Subscription Agreement dated 25 June 2023 (the “**Share Subscription Agreement**”) by and between the Company and Prenetics;

- C** Prenetics has agreed to purchase from the Founders and the Founders have agreed to sell to Prenetics, at Completion, certain Class A Shares of the Company on the terms and conditions set forth in the Share Sale Agreement dated 25 June 2023 (the “**Share Sale Agreement**”) by and between the Founders and Prenetics;

- D** The obligations of the parties under the Share Subscription Agreement are conditioned upon the execution and delivery of this Agreement.

- E** The purpose of this Agreement is for the Parties to record their agreement in relation to the operation of the business to be carried on by, the control, management and funding of, and the Shareholders’ rights and obligations as members of the Company.

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**Governing law** Hong Kong

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**Date of agreement** See Signing Page

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## GENERAL TERMS

### 1. INTERPRETATION

#### 1.1 Definitions

These meanings apply unless the contrary intention appears:

**Accepting Shareholder** has the meaning given in Clause 9.3.

**Accession Agreement** means an agreement in the form of schedule 2.

**Affiliates** of any Person means any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the specified Person. For the purposes of this definition, a Person shall be deemed to be “**controlled by**” another Person if the other possesses, directly or indirectly, power either (i) to vote fifty percent (50%) or more of the securities having voting power for the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

**Agreement** means this shareholders’ agreement.

**Articles** means the second amended and restated memorandum and articles of association of the Company, as may be further amended, restated and adopted by the Company from time to time.

**Board** means the board of directors of the Company.

**Business Day** means a day other than a Saturday, Sunday or a public holiday in Hong Kong and the Cayman Islands.

**Chairperson** means the person appointed as Chairperson under Clause 6.6 of this Agreement.

**Change of Control** has the meaning given to it in Clause 15.1.

**Class A Shares** means Class A ordinary shares with par value of US\$0.0001 each in the share capital of the Company, each having the rights set out in the Articles.

**Class B Shares** means Class B ordinary shares with par value of US\$0.0001 each in the share capital of the Company, each having the rights set out in the Articles.

**Companies Act** means the Companies Act (as revised) of the Cayman Islands, as amended, consolidated or otherwise modified from time to time.

**Confidential Information** means (a) any information concerning the organisation, business, material contracts, technology, intellectual properties, know-how, trade secrets, finance, customers, suppliers, transactions or affairs of the Company, any Subsidiary or any other party or any of their respective Affiliates or the directors, officers or employees of the foregoing (whether conveyed in written, oral or in any other form and whether such information is furnished before, on or after the date of this Agreement); (b) the existence and terms of this Agreement, the other Transaction Documents and any of the other agreements or documents entered into with respect to the transactions contemplated under the Transaction Documents, and the identities of the parties hereto and thereto and their respective Affiliates; and (c) any information or materials prepared by a Party or its/his Representatives that contains or otherwise reflects, or is generated from, Confidential Information.

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**Danny Yeung** means Danny Sheng Wu Yeung.

**Declined Shares** means the part of a Shareholder's entitlement to New Shares which is not taken up by that Shareholder.

**Deeds** means the Deed of Undertakings made on the date of this Agreement by and among the Company, its Subsidiary and the Founders, and the Deed of Appointment made on the date of this Agreement by and between the Company and Danny Yeung.

**Dennis Lo** means Lo Yuk Ming Dennis.

**Defaulting Shareholder** is a Shareholder who comes within Clause 10.1.

**Details** means the section of this Agreement headed "Details".

**Directors** means all or some of the directors of the Company from time to time (each a "**Director**").

**Drag Along Notice** means a notice provided by a Seller to the Minority Shareholders under Clause 15.

**Encumbrance** means any mortgage, lien, charge, pledge, restriction, assignment, hypothecation, security interest, title retention or any other arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal or right of pre-emption), or any arrangement to create any of the same.

**Excluded Information** means Confidential Information which:

- (a) is in, or becomes part of, the public domain other than through breach of this Agreement or an obligation of confidence owed to the Company;
- (b) a Party can prove by contemporaneous written documentation was already known to it at the time of disclosure by the Company or a Shareholder (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) a Party acquires from a source other than the Company or a Shareholder where the source is entitled to disclose it.

**Fair Market Value** means an amount determined under Clause 11.

**Founders** means Lo Yuk Ming Dennis and Chan Kwan Chee.

**Government Agency** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

**Group** means the Company and all direct or indirect, existing or future Subsidiary of each of the foregoing and any one of them, the "**Group Member**".

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**Hong Kong** means the Hong Kong Special Administrative Region of the People's Republic of China.

**Initial Offer** means the initial offer made by a Seller in a Transfer Notice to Transfer Sale Shares to the other Shareholders under Clause 9.1.

**Invitation to Tag Along** means a notice given by a Seller to the Tag Along Shareholders, offering each of them a Tag Along Option under Clause 14.1.

**Issue Price** means the issue price of New Shares determined under Clause 7.2.

**Liquidation Transaction** means whether in a single transaction or series of related transactions, (A) any merger, amalgamation, consolidation, acquisition, share purchase, reorganisation or scheme thereof or other business combination in which the Shareholders owning a majority of the voting power or voting share of the Group immediately prior to such transaction do not own a majority of the voting power or voting share of the Group or the surviving or acquiring person following such transaction, or (B) a sale of all or substantially all of the Group's assets (including the exclusive licensing, assignment, transfer or other disposition of all or substantially all the intellectual property of the Group to a third party) in a transaction.

**Minority Shareholder** has the meaning given in Clause 15.1.

**New Shares** means Shares issued or proposed to be issued under Clause 7.

**Notice of Issue** means the notice given by the Company to Shareholders to advise them of the issue of New Shares under Clause 7.1.

**Offer Period** means the period during which an offer made in a Transfer Notice under Clause 9 or 10 (as the context requires) is open.

**Offeree** has the meaning given in Clause 9.1.

**Original Prenetics Shares** means 1,000,000 Class A Shares held by Prenetics as at the date of this Agreement.

**Original Share Price** means US\$100.00 per share.

**Permitted Transfer** means a Transfer referred to in

Clause 8.1(a) or a Transfer by any Shareholder with prior written consent of the other Shareholders.

**Person** means any individual, entity or group, including, without limitation, any corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organisation or governmental or regulatory authority.

**Purchaser** means a third party purchaser of Shares being transferred under Clause 9.

**Qualified Exchange** means the Main Board of The Stock Exchange of Hong Kong Limited, the New York Stock Exchange, the NASDAQ Global Market or such other internationally recognised investment exchange of the same or higher international standing as may be approved by each of the Shareholders.

**Qualified IPO** means the Company's first underwritten firm-commitment public offering of the Shares on a Qualified Exchange with the aggregate net proceeds of US\$100,000,000 or more (after deduction of underwriting discounts and commissions and other expenses) and duly approved pursuant to this Agreement.

**Receiver** includes a receiver or receiver and manager.

**Relevant Time** is defined in Clause 12.3.

**Representative** means an employee, agent, officer, director, auditor, adviser, partner, associate, consultant, joint venturer or sub-contractor of a Party or of an Affiliate of that Party.

**Requisite Shareholders** has the meaning given in Clause 15.1.

**Respective Proportion** means, unless otherwise specified in this Agreement:

- (a) when used in relation to all Shareholders, the proportions which their respective Shareholdings bear to all of the issued and outstanding Shares (on an as converted basis); or
- (b) when used in relation to less than all the Shareholders, the proportions which their respective Shareholdings bear to their aggregate outstanding Shareholdings (on an as converted basis).

**Sale Price** means the price of Shares offered for sale under Clause 9, 10, 14 or 15, as applicable.

**Sale Shares** means Shares being transferred by a Seller or a Defaulting Shareholder under Clause 9 or 10, respectively.

**SEC** means the United States Securities and Exchange Commission.

**Securities** means Shares, any securities or instruments convertible into Shares, and any options to subscribe for any such Shares or convertible securities or instruments.

**Seller** means a Shareholder who proposes to transfer Shares under Clauses 9, 14 and 15, as applicable.

**Shareholders** means the holder of Shares of the Company.

**Shareholding** means the Shares held by a Shareholder.

**Shares** means Class A Shares and Class B Shares.

**Shortfall Offer** has the meaning given in Clause 9.4.

**Subsidiary** means, as of the relevant date of determination, with respect to any Person (the "**subject entity**"), (i) any Person (x) more than fifty percent (50%) of whose shares or other interests entitled to vote in the election of directors or (y) more than a fifty percent (50%) interest in the profits or capital of such Person are owned or controlled directly or indirectly by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any Person whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with any accounting standard, or (iii) any Person with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary. For the avoidance of doubt, the Subsidiaries of the Company shall include the Group Members.

**Supermajority Directors' Resolution** means a resolution approved by all the Directors appointed by the Founders and Prenetics who are not disqualified from voting on that resolution.

**Tag Along Option** has the meaning given in Clause 14.1.

**Tag Along Shareholder** has the meaning given in Clause 14.1.

**Third Party Offer** has the meaning given in Clause 9.1.

**Transaction Documents** means this Agreement, the Articles, Shares Subscription Agreement, Share Sale Agreement and the Deeds and each of the documents, instruments, certificates and other ancillary documents required to be entered into or delivered by the Parties or their Affiliates in accordance with the terms of this Agreement.

**Transfer** means directly or indirectly, sell, give, transfer, assign or otherwise dispose of or deal with any legal or equitable interest in a Share, the use of "**Transfer**" as a noun, "**Transferring**", "**Transferred**" shall be construed accordingly.

**Transfer Notice** means the written notice given by a Seller to the other Shareholders offering to sell them its Respective Proportion of the Sale Shares under Clause 9 or taken to have been given under Clause 10.2.

**Transferee** means a person who accepts a Transfer of Shares under Clauses 8, 9 or 10, as applicable.

**Transferor** means a Shareholder who Transfers Shares, a Seller or a Defaulting Shareholder under Clauses 9, 10, 14 or 15, as applicable.

**Unaccepted Shares** means the balance of Sale Shares not accepted by Shareholders in receipt of a Transfer Notice within the Offer Period, under Clause 9 or 10, as applicable.

**Unrelated Shareholders** has the meaning given in Clause 10.2.

**US\$** means the lawful currency of the United States of America.

## 1.2 **Recitals, schedules, etc.**

References to this Agreement shall include the Recitals and Schedules which form part of this Agreement for all purposes. The Recitals do not create binding obligations on a Party. References in this Agreement to the "Parties", the "Recitals", "Schedules" and "Clauses" are references respectively to the parties and their legal personal representatives, successors and permitted assigns, the recitals and schedules to and clauses of this Agreement. References to paragraphs in each Schedule are references to paragraphs in that particular Schedule.

## 1.3 **References to certain general terms**

Unless the contrary intention appears, a reference in this Agreement to:

- 
- (a) **(variations or replacement)** a document (including this Agreement) includes any variation or replacement of it;
  - (b) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (c) **(law)** law means common law, principles of equity, and laws and regulations made by any governmental or regulatory authority;
  - (d) **(singular includes plural)** the singular includes the plural and vice versa;
  - (e) **(as-converted; fully diluted)** reference to “on an as-converted basis” or “on a fully diluted basis” means that the calculation is to be made assuming that all outstanding Securities, convertible into or exercisable or exchangeable for the Shares, as applicable (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged;
  - (f) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
  - (g) **(two or more persons)** an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
  - (h) **(jointly and individually)** unless the context otherwise requires, an agreement, representation or warranty by two or more persons binds them jointly and each of them individually;
  - (i) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
  - (j) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
  - (k) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
  - (l) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” are not used as, nor are they to be interpreted as words of limitation and when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
  - (m) **(next day)** if an act under this Agreement to be done by a Party on or by a given day is done after 5:30 p.m. on that day, it is taken to be done on the next day;
  - (n) **(time of day)** time is a reference to Hong Kong; and
  - (o) **(reference to anything)** anything (including any amount) is a reference to the whole and each part of it.



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**1.4 Next Business Day**

If an event under this Agreement must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.

**1.5 Headings**

Headings are inserted for convenience and do not affect the interpretation of this Agreement.

**2. RELATIONSHIP OF SHAREHOLDERS**

This Agreement does not create a relationship of employment, trust, agency or partnership between the Shareholders. Each Shareholder is responsible for its own obligations arising under this Agreement and is not liable for any other Shareholder's obligations.

**3. EFFECTIVENESS OF AGREEMENT**

This Agreement comes into effect on and from the date of this Agreement. In the event of any conflict or inconsistency between the terms and conditions hereof and any provisions set forth in the Articles, the terms and conditions set forth in this Agreement shall prevail to the extent permitted by applicable laws.

**4. FINANCIAL ARRANGEMENTS****4.1 Further funding**

Prenetics is not under any obligation to provide any financial accommodation, guarantee or other similar commitment or comfort in relation to the Group.

**5. SHAREHOLDER CONTROL****5.1 Rights of Class B Shares**

Class B Shares shall have "super voting rights", whereby each Class B Share shall be entitled to twenty (20) votes on all matters subject to a vote of the Shareholders, and all other rights and powers as specified in the Articles.

**5.2 Variation or waiver**

There shall be no variation or waiver of any provision of (i) this Agreement; or (ii) the Articles or the charter documents of any Group Member, to the extent that such variation or waiver involves matters set out in this Agreement, without the approval of Prenetics and the Founders.

**5.3 Modification of rights**

Any variation of rights conferred by Shares or Securities of the Company that would result in a detrimental effect on the rights of the holders of such Shares or Securities shall be subject to the approval of the majority of the Shareholders in that class.

**5.4 Notice of Shareholders' meetings**

Unless all Shareholders agree to meet at short notice, they must receive at least five (5) days' prior written notice of each meeting of Shareholders.

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### **5.5 Shareholders' meeting quorum**

The presence, in Person or by telephone, electronic or other means of communication, of Prenetics and the Founders are required to constitute the quorum for the meeting.

### **5.6 If quorum not present**

If a quorum is not present at a meeting of Shareholders within thirty (30) minutes from the time stated in the notice of meeting, the meeting stands adjourned to such other day and time, not less than five (5) days after the meeting, as is specified in a further notice of meeting dispatched to all of the Shareholders.

### **5.7 Quorum at adjourned Shareholders' meeting**

At a meeting adjourned under Clause 5.6, the quorum shall be any two (2) Shareholders of the Company.

### **5.8 Circulating resolutions of Shareholders**

A written resolution signed by all of the Shareholders, including both Prenetics and the Founders (who are not disqualified from voting on that resolution), is taken to be a resolution of Shareholders without the need for a meeting. A copy of a written resolution passed in accordance with this Clause must be provided to each of the Directors and Shareholders as soon as practicable.

## **6. BOARD CONTROL AND COMPOSITION**

### **6.1 Role of the Board**

Subject to the Companies Act and Clause 6.2(a), the Board is responsible for the overall direction and management of the Group and the formulation of the policies to be applied to the Group and the business of the Group.

### **6.2 Matters to be determined by Directors**

- (a) Subject to applicable law, each Group Member shall not carry out any of the actions or matters listed in schedule 1 unless approved by the Board by a Supermajority Directors' Resolution, and the board of directors of each Group Member shall not approve, authorise, ratify or consent to any of the actions or matters listed in schedule 1 without the prior Supermajority Directors' Resolutions of the Company.
- (b) The appointment of Danny Yeung as chief executive officer shall not be terminated unless a resolution is passed by four (4) out of five (5) Directors (which four (4) Directors shall include one (1) Director appointed by Prenetics), provided that Danny Yeung shall abstain from voting on such resolution.

### **6.3 Nomination of Directors by Dennis Lo and Prenetics**

Subject to Clause 6.5, each of Dennis Lo and Prenetics shall have the right to nominate members of the Board according to this Clause 6.3:

- (a) Three (3) Directors may be nominated by each of Dennis Lo and Prenetics, for so long as the Founders (in aggregate) or Prenetics (as the case may be) maintains no less than thirty-six percent (36%) shareholding in the Company on a fully diluted basis;
- (b) two (2) Directors may be nominated by each of Dennis Lo and Prenetics, for so long as the Founders (in aggregate) or Prenetics (as the case may be) maintains below thirty-six percent (36%) and no less than twenty-four percent (24%) shareholding in the Company on a fully diluted basis;
- (c) one (1) Director may be nominated by each of Dennis Lo and Prenetics, for so long as the Founders (in aggregate) or Prenetics (as the case may be) maintains below twenty-four percent (24%) and no less than twelve percent (12%) shareholding in the Company on a fully diluted basis; and
- (d) for the avoidance of doubt, each of Dennis Lo and Prenetics shall not be entitled to nominate any Director when the respective shareholdings of the Founders (in aggregate) or Prenetics (as the case may be) in the Company falls below twelve percent (12%) on a fully diluted basis.

For the purpose of this Clause 6.3, the Founders' shareholding in the Company shall include any shares transferred by a Founder to his Permitted Transferee (as defined under the Articles) pursuant to a Permitted Transfer.

#### **6.4 Nomination of additional Directors**

Subject to Clause 6.5, where the number of Directors nominated by Dennis Lo is less than the total number of Directors nominated by Prenetics and other Shareholders, Dennis Lo shall have the right to nominate such number of additional Directors so as to maintain more than fifty percent (50%) of the vote of the Board.

#### **6.5 Appointment and removal of Directors**

The following applies to the appointment and removal of Directors:

- (a) subject to the Companies Act, a Director may only be removed, with or without cause, by the Shareholder who nominated such Director and such Shareholder may also replace any Director so removed, provided that any Director nominated by Prenetics may only be removed and replaced with the approval of Dennis Lo;
- (b) an appointment or removal under this Clause 6.5, must be by written notice to the registered office of the Company, signed by a director or officer of the Shareholder. The notice takes effect immediately on its receipt by the Company, or at a later time (not exceeding five (5) Business Days) specified in the notice; and
- (c) subject to Clause 6.5(a) above, if a Shareholder wishes to appoint or remove a person as a Director pursuant to this Clause 6.5, the other Shareholders must do whatever is reasonably necessary (including convening any Directors' meeting) to facilitate the appointment or removal of the person as a Director.

## **6.6 Chairperson**

Dennis Lo shall be the Chairperson of the Board. He is entitled to a casting vote with respect to any matter submitted for resolution at any meeting of the Board and where the vote with respect to such matter is tied.

## **6.7 Directors' and officers' insurance**

At such time as may be determined by the Board, the Company shall obtain and maintain directors' and officers' liability insurance in an amount and on other terms acceptable to the Board. The Company will promptly reimburse each Director for all reasonable out-of-pocket expenses incurred in connection with attending Board meetings. To the maximum extent permitted by the applicable laws of the jurisdiction in which the Company is organised, the Company shall indemnify and hold harmless each of its Directors.

## **7. FURTHER ISSUE OF SHARES**

### **7.1 Notice of Issue to be given**

Each of the Founders and Prenetics and any assignee to which rights under this Clause 7 have been duly assigned in accordance with this Agreement (each of such Shareholders and any such assignee being hereinafter referred to as a "**Participation Rights Holder**") shall have a participation right to purchase a Respective Proportion of all or any part of the New Shares that the Company may from time to time issue after the date of this Agreement (the "**Right of Participation**"). Subject to Clause 7.8, if the Company proposes to issue New Shares, the Company shall give a Notice of Issue to each Participation Rights Holder, specifying:

- (a) the total number of New Shares to be offered;
- (b) the number of New Shares for which each Participation Rights Holder is entitled to subscribe, being its Respective Proportion of the total number of New Shares specified;
- (c) the Issue Price of each New Share;
- (d) the date by which the offer of New Shares must be accepted; and
- (e) the date for subscription, and any other terms of the offer of the New Shares.

For the avoidance of doubt, a Participation Rights Holder's "Respective Proportion" under this Clause 7 is the ratio of (i) the number of outstanding Shares (on an as converted basis) held by such Participation Rights Holder, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Participation Rights Holders, immediately prior to the issuance of New Shares giving rise to the Right of Participation.

### **7.2 Issue Price**

The Issue Price of any New Share is:

- (a) a price per New Share agreed and approved by the Directors;
- (b) failing agreement, to be determined in accordance with Clause 11 as if the New Shares were Sale Shares.

### 7.3 Notice of acceptance

Within ten (10) Business Days of receipt of a Notice of Issue, a Participation Rights Holder who wants to take up all or part of its entitlement to the New Shares must give a notice of acceptance to the Company specifying:

- (a) the number of New Shares that the Participation Rights Holder wants to take up; and
- (b) the number or value (if any) of New Shares in excess of the Participation Rights Holder's entitlement, for which the Shareholder would be prepared to subscribe.

### 7.4 Failure to give a notice of acceptance

If a Participation Rights Holder fails to give a notice of acceptance within the period stated in Clause 7.3, it is taken to have waived its right to participate in that issue of such New Shares.

### 7.5 Allocation of Declined Shares

If a Participation Rights Holder does not take up all of its entitlement to New Shares offered under Clause 7.1, then the Declined Shares must be offered (on the same terms as specified in the relevant Notice of Issue) firstly to those Participation Rights Holders who have offered to take up New Shares additional to their entitlements in their Respective Proportions. The process is to be repeated in respect of any remaining Declined Shares until all of the Declined Shares are taken up, or until no Participation Rights Holder accepts an offer to take up further Declined Shares.

### 7.6 Issue of remaining Declined Shares to third parties

Subject to compliance with Clause 7.5, if the Participation Rights Holders do not take up all of the Declined Shares, the Company may, during the period of five (5) Business Days following completion of the offers of New Shares under Clause 7.5, issue the remaining Declined Shares to any third parties the Directors determine, on terms no less favourable than were offered to the Shareholders. In the event that the Company has not issued and sold such Declined Shares within such prescribed period, then the Company shall not thereafter issue or sell any New Shares without first offering such New Shares to the Participation Rights Holders pursuant to this Clause 7.

### 7.7 Issue of other Securities

The right of first refusal under this Clause 7 also applies to a proposed issue of any other Securities by the Company, subject to Clause 7.8.

### 7.8 Excluded issues

The right of first refusal under this Clause 7 does not apply to any of the following:

- (a) **(employee share options)** Securities issued to employees, Directors or consultants of the Company under any employee option schemes of the Company ("**Employee Option Scheme**");
- (b) **(shares issued under the Subscription Agreement)** Shares issued or issuable pursuant to the Share Subscription Agreement;

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- (c) **(acquisitions)** Securities issued as payment for an acquisition of a property, business or asset by the Company or in connection with a joint venture, marketing, distribution or technology transfer or development arrangement;
  - (d) **(capital structure)** Securities issued in connection with any Share split, dividend or recapitalisation by the Company, in which all Participation Rights Holders are entitled to participate on a pro rata basis, or on conversion of any convertible Securities outstanding as of the date of this Agreement; or
  - (e) **(Qualified IPO)** Securities issued under a Qualified IPO,

provided that such issues of Securities, other than Shares issued or issuable pursuant to Clauses 7.8(b) and (d), are approved by a Supermajority Directors' Resolution.

#### **7.9 Registration of Shareholding**

A person must not be registered as the holder of any New Shares or Declined Shares unless the person is a Party to this Agreement or has entered into an Accession Agreement with the Company.

### **8. DEALING WITH SHARES**

#### **8.1 Transfers of Shares**

No Shareholder may Transfer any of its Shares without the prior written consent of the other Shareholders except:

- (a) any transfer to the ancestors, descendants or spouse of a Shareholder, or to trusts set up by a Shareholder, or an Affiliate of a Shareholder, or any transmission or testamentary bequests of a Shareholder;
- (b) in accordance with Clause 9;
- (c) if required to do so under Clause 10;
- (d) in accordance with Clause 15; or
- (e) in connection with a Liquidation Transaction.

The restrictions under this Clause 8.1 do not apply to a Transfer as part of a Qualified IPO, provided that such Transfer is approved by a Supermajority Directors' Resolution.

#### **8.2 Accession Agreement**

A person may not be registered as the holder of Shares acquired on a Transfer of Shares unless the person is a Party to this Agreement or has entered into an Accession Agreement with the Company.

#### **8.3 No Encumbrances over Shares without consent**

A Shareholder may not create an Encumbrance over any of its Shares without the consent of the Founders and Prenetics which consent may be withheld in the absolute discretion of the Founders or Prenetics.

#### 8.4 Holder of Encumbrance bound

The holder of an Encumbrance over Shares must:

- (a) undertake to the Shareholders not to Transfer any Shares unless that person complies with Clause 9; and
- (b) acknowledge that those Shares are subject to Transfer under a Drag Along Notice, and will be released from the Encumbrance to enable completion of the Transfer of those Shares under that Drag Along Notice.

### 9. PRE-EMPTIVE RIGHTS AND OTHER TRANSFERS OF SHARES

#### 9.1 Pre-emptive rights

If a Seller proposes to Transfer any Sale Shares held by it, in accordance with a binding offer received from a Purchaser in respect of those Sale Shares (“**Third Party Offer**”) other than by a Permitted Transfer, it must first give a Transfer Notice to each other Shareholder (other than those Shareholders who obtain all of their Shares pursuant to an Employee Option Scheme) (each an “**Offeree**”).

#### 9.2 Transfer Notice

A Transfer Notice must:

- (a) state:
  - (i) the total number of Sale Shares and the number of Sale Shares being offered to each Offeree, being the Offeree’s Respective Proportion of the Sale Shares;
  - (ii) the Sale Price which is to be the price set out in the Third Party Offer, and any other terms of the proposed Transfer which may not be more favourable to the Seller than the terms of the Third Party Offer;
  - (iii) the Offer Period, which (unless otherwise agreed) must be at least fifteen (15) days but not more than thirty (30) days;
  - (iv) Unless otherwise agreed, the settlement date for completion of the sale must take place within thirty (30) days after the day when all of the Offer Periods have expired under Clauses 9.2 to 9.5, and will be conditional on all of the Sale Shares being accepted under Clauses 9.2 to 9.5 during the Offer Period; and
  - (v) if applicable, the name of any proposed Transferee of the Sale Shares who is not an existing Shareholder; and
- (b) attach a written copy or an electronic copy of the Third Party Offer.

For the avoidance of doubt, An Offeree’s “Respective Proportion” under this Clause 9.2 is the ratio of (i) the number of outstanding Shares (on an as converted basis) held by such Offeree on the date of the Transfer Notice, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Offerees on the date of the Transfer Notice.

### 9.3 Re-offer of Unaccepted Shares

If an Offeree does not accept an Initial Offer of Sale Shares in a Transfer Notice within the Offer Period, or accepts that offer but in relation to a lesser number of Shares, then the remaining Sale Shares must be offered immediately upon termination of the Offer Period by a Shortfall Offer to those Offeree(s) which have offered to take up their Respective Proportion of the Sale Shares (“**Accepting Shareholder(s)**”). If there is more than one Accepting Shareholder, each Accepting Shareholder will be offered its Respective Proportion of the Unaccepted Shares. For the avoidance of doubt, an Accepting Shareholder’s “Respective Proportion” under this Clause 9.3 and 9.4 is the ratio of (i) the number of outstanding Shares (on an as converted basis) held by such Accepting Shareholder on the date of the Transfer Notice, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Accepting Shareholders on the date of the Transfer Notice.

### 9.4 Shortfall Offer

A shortfall offer (“**Shortfall Offer**”) is an offer of Unaccepted Shares:

- (a) to Accepting Shareholders in their Respective Proportions; and
- (b) on the same terms as in the Initial Offer, except that the Offer Period is ten (10) days only.

### 9.5 Further offers

If any of the Accepting Shareholders have not accepted a Shortfall Offer in full within ten (10) days after service of the Shortfall Offer, the Seller must:

- (a) repeat the procedure in Clause 9.3 by making a further Shortfall Offer; and
- (b) if required, make further Shortfall Offers of the Unaccepted Shares remaining at the expiration of each Shortfall Offer until a Shortfall Offer is not accepted by any Accepting Shareholder,

provided that no further Shortfall Offers are to be made after sixty (60) days from the giving of the Initial Offer(s).

## 10. SHAREHOLDER DEFAULT

### 10.1 Defaulting Shareholder

A Shareholder becomes a Defaulting Shareholder if:

- (a) (**winding up**) an order is made or an effective resolution is passed for the winding up or dissolution without winding up of that Shareholder (otherwise than for the purposes of reconstruction or amalgamation) and remains in effect for a continuous period of thirty (30) days;
- (b) (**insolvency**) it/he becomes insolvent or bankrupt (as applicable);
- (c) (**receiver**) a Receiver, judicial manager, liquidator, official manager or similar official is appointed over the whole or a substantial part of the undertaking or property of the Shareholder and the appointment remains in effect for a continuous period of thirty (30) days; or



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- (d) **(Encumbrance enforced)** a holder of an Encumbrance takes possession of the whole or a substantial part of the undertaking and property of the Shareholder and remains in possession for a continuous period of thirty (30) days.

## **10.2 Defaulting Shareholder Transfer Notice**

A Defaulting Shareholder is taken to have given a Transfer Notice to the other Shareholders who are not an Affiliate or Representative of the Defaulting Shareholder (“**Unrelated Shareholders**”) on the date it becomes a Defaulting Shareholder on the following terms:

- (a) the number of Sale Shares is all of the Defaulting Shareholder’s Shares;
- (b) the Sale Price is the price agreed between the Defaulting Shareholder and the Unrelated Shareholders or failing agreement within thirty (30) days of becoming a Defaulting Shareholder, fifty percent (50%) of the Fair Market Value of the Sale Shares;
- (c) the Offer Period is ninety (90) days from the date of becoming a Defaulting Shareholder (or, if the Fair Market Value of the Sale Shares must be determined under Clause 11, ten (10) days after it is so determined, if later);
- (d) the Unrelated Shareholders may exercise the option to take up the Sale Shares by giving notice to the Defaulting Shareholder; and
- (e) the settlement date for completion of the sale is thirty (30) days after the last day of the Offer Period (or, if the Fair Market Value of the Sale Shares must be determined under Clause 11, thirty (30) days after it is so determined, if later) at which time all accepted Sale Shares will be sold.

If not all of the Sale Shares are sold under this process, then Clauses 10.3 to 10.5 apply with necessary changes.

## **10.3 Sale of remaining Unaccepted Shares to third parties**

If the Unrelated Shareholders do not take up all of the Sale Shares, the Defaulting Shareholder may, during the period of thirty (30) days following completion of the Sale Shares under this Clause 10, sell the remaining Unaccepted Shares to any third parties the Directors determine, on terms no more favourable than those offered in the Transfer Notice. If a third party buyer is not found, the remaining Unaccepted Shares are to be cancelled.

## **10.4 Other Shareholders**

Clause 10.2 does not apply to any other Shareholder who is an Affiliate or Representative of the Defaulting Shareholder.

## **10.5 Suspension of rights**

If a Defaulting Shareholder is taken to have given a Transfer Notice under Clause 10.2, then from the date of the Transfer Notice:

- (a) all rights attaching to Shares held by the Defaulting Shareholder are suspended; and
- (b) any Director appointed by the Defaulting Shareholder is taken to have been removed by the Defaulting Shareholder and any Director appointment rights suspended.

Each of the suspensions referred to above continues in respect of any Shares held by the Defaulting Shareholder until such time as the Shares are cancelled or sold to another Shareholder or other person with the prior written approval of the Unrelated Shareholders.

## **11. FAIR MARKET VALUE OF SALE SHARES**

### **11.1 Appointment of valuer**

If this Agreement requires the valuation of a New Share under Clause 7.2, a Sale Share under Clause 10.2(b) or otherwise:

- (a) the Shareholders must within fifteen (15) Business Days of the date on which the need for valuation arises appoint a member of the Hong Kong Institute of Chartered Public Accountants of at least five (5) years' standing as a valuer;
- (b) the valuer is to be instructed to determine, within thirty (30) Business Days after being appointed (or such other time specified in this Agreement), the Fair Market Value of each New Share or Sale Share (as applicable);
- (c) the valuer is to be instructed to determine a specific value rather than a range of values; and
- (d) the valuer acts as an expert and not as an arbitrator in conducting valuations.

### **11.2 Process for valuation**

- (a) In determining Fair Market Value the valuer is to be instructed to conduct the valuation:
  - (i) in accordance with valuation standards, practices and principles generally accepted in Hong Kong;
  - (ii) with regard to the profit, strategic positioning, future prospects and undertaking of the Group;
  - (iii) on the basis of an ongoing, fully funded business;
  - (iv) on the basis that all contracts between the Group and all members of a Shareholder's group remain in force in accordance with their terms;
  - (v) on the basis of an arm's length transaction between an informed and willing seller and an informed and willing buyer under no compulsion to sell or buy, respectively, and without taking into account any restriction on the transfer of the New Shares or Sale Shares (as applicable) under this Agreement;
  - (vi) if the Shareholder whose stake is being valued is an existing Shareholder, having regard to the fact that the Shareholder will cease to be a member of the Company;
  - (vii) if the subject matter of the valuation is a minority stake, having regard to the fact that it is a minority stake;
  - (viii) having regard to the following valuation methodologies:

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- (A) comparable companies;
  - (B) precedent transactions; and
  - (C) discounted forecast cashflows; and
- (ix) subject to the above, on any basis that it considers appropriate.
- (b) The Shareholders agree that the Fair Market Value determined by the valuer in accordance with Clause 11.2 is to constitute the Issue Price for the New Shares under Clause 7.2(b) or the Sale Price of the Sale Shares under Clause 10.2(b) unless a Shareholder gives notice, not later than ten (10) Business Days after the date of the valuer's determination, that it disputes the Fair Market Value so determined.
  - (c) If notice is given as contemplated by Clause 11.2(b), the Shareholders must appoint a second valuer in accordance with Clause 11.1, who is to be instructed to perform a second valuation of Sale Shares in accordance with Clause 11.2.
  - (d) The Fair Market Value for Issue Price for the New Shares under Clause 7.2(b) or the Sale Price for the Sale Shares under Clause 10.2(b) is to be the average of the values determined by the first and second valuers.

### **11.3 Valuation binding**

The valuation conducted by the valuer or, if a second valuation is performed in accordance with Clause 11.2, the Fair Market Value determined under Clause 11.2(d), is conclusive and binding on the Shareholders in the absence of manifest error.

### **11.4 Costs of valuer**

The Parties agree that the costs of the valuer in connection with the valuation are to be borne by the Company to the extent permitted by the Companies Act.

## **12. COMPLETION OF SHARE OR OTHER SECURITIES TRANSFERS**

### **12.1 Application of this Clause**

This Clause 12 applies in relation to any Transfer of Shares or other Securities to a Shareholder under Clause 9, Clause 10 or Clause 14.

### **12.2 Binding agreement**

Where this Clause 12 applies in respect of Shares or other Securities, at the Relevant Time an unconditional, irrevocable, valid and binding agreement for the sale and purchase of those Shares or other Securities (as applicable) and a binding agreement to transfer, free of any Encumbrance, the legal and beneficial ownership of the Shares or other Securities (as applicable) arise between the Transferor and the Transferee, subject only to the payment of the Sale Price and satisfaction of any conditions (including any relevant conditions necessary for compliance with applicable legal and regulatory requirements of Hong Kong) relating to the relevant offer or Transfer of the Shares or other Securities (as applicable).

### **12.3 Relevant Time**

The "Relevant Time" for the purposes of Clause 12.2 is the date on which an Initial Offer or Shortfall Offer is accepted by:

- (a) the Purchaser, in the case of Clause 9 and Clause 14 and
- (b) an Unrelated Shareholder or a third party (as applicable), in the case of Clause 10.

### **12.4 Consent to Transfer**

Each Party consents to the completion of each Transfer of Shares or other Securities (as applicable) to which this Clause 12 applies, in the manner contemplated by this Clause.

### **12.5 Procedure for completion**

At the time of completion of a Transfer of Shares or other Securities (as applicable) to which this Clause 12 applies:

- (a) the Transferor must give to the Transferee:
  - (i) a transfer form in favour of the Transferee of all Shares or other Securities (as applicable) sold, executed by the Transferor;
  - (ii) certificates for those Shares or other Securities (as applicable) or a statutory declaration in the case of lost certificate(s); and
- (b) the Transferee must give to the Transferor (or to an attorney appointed or deemed to be appointed to act on behalf of the Transferor under Clause 12.6) a bank cheque for the Sale Price.

### **12.6 Power of attorney**

In consideration of each other Shareholder entering into this Agreement, the Transferor irrevocably appoints:

- (a) the Transferee; or
- (b) if the Transferee is a company, each director for the time being of that Transferee,

to be its attorney for the purposes of executing and delivering to the Transferee, in the name of the Shareholder and on its behalf, all documents required to be executed and delivered by that Shareholder as Transferor under Clause 12.5(a).

### **12.7 Registration of transfer**

The Company must register each transfer of Shares or other Securities (as applicable) to which this Clause 12 applies.

## **13. CONFIDENTIAL INFORMATION**

### **13.1 Disclosure of Confidential Information**

A Party shall not disclose Confidential Information to any Person without the prior written consent of the Company except:

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- (a) in the case of the Shareholders, to their Representatives who are subject to the same or no less restrictive confidentiality obligations as those set out hereunder;
  - (b) if it is required or requested to do so by law, regulation, legal process or the rules or order of any Government Agency or by the requirements of SEC or the relevant stock exchange, whether or not the requirement has the force of law;
  - (c) to an existing or proposed bona fide financier (or its advisers) to a Shareholder or the Company who are subject to the same or no less restrictive confidentiality obligations as those set out hereunder;
  - (d) to any bona fide prospective purchaser of Shares who gives an appropriate confidentiality undertaking to the prospective seller, for the benefit of the Company and each Shareholder; or
  - (e) where that Party is the discloser or originator of the Confidential Information.

**13.2 Disclosure by recipient of Confidential Information**

Any Party disclosing information under Clause 13.1 must use all reasonable endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in Clause 13.1.

**13.3 Use of Confidential Information**

A Party who has received Confidential Information from another under this Agreement must not use it except for the purpose of exercising its rights or performing its obligations under this Agreement.

**13.4 Excluded Information**

Clauses 13.1, 13.2 and 13.3 do not apply to the Excluded Information.

**13.5 Prior notification of disclosure to stock exchange**

A Party requiring or wishing to disclose Confidential Information in accordance with Clause 13.1(c) must notify the other Shareholders and the Company of the proposed disclosure as far in advance as practicable and must comply with the requirements of Clause 13.6.

**13.6 Announcements or releases**

A Party may not make press or other announcements or releases relating to this Agreement and the matters referred to in this Agreement without the prior approval of the other Parties to the form and manner of the announcement or release unless and to the extent that disclosure is required or requested to be made by a Party by law, by regulation, legal process or the rules or order of any Government Agency or by the requirements of SEC or the relevant stock exchange, whether or not the requirement has the force of law. To the extent that the announcement or release is required to be made by the Party by law, by a Government Agency or by the requirements of SEC or the relevant stock exchange, whether or not the requirement has the force of law, the disclosing Party must, as far as reasonably practicable, consult with the other Parties as to the content any such announcement or release.

## 14. TAG ALONG RIGHTS

### 14.1 Invitation to Tag Along

In the event any Offeree fails to exercise its rights to purchase all of the Sale Shares proposed to be transferred by the Seller in accordance with Clause 9 hereof, following the exercise or expiration of the rights of purchase set forth in Clause 9 hereof, the Seller shall give an Invitation to Tag Along to each Shareholder not exercising its rights under Clause 9 (each a “**Tag Along Shareholder**”). The provisions under this Clause 14 shall terminate upon the closing of a Qualified IPO.

The Invitation to Tag Along must state:

- (a) the identity of the Sellers;
- (b) the identity of the Purchaser;
- (c) the number of Shares proposed to be sold by the Sellers in accordance with this Agreement;
- (d) the Sale Price and any other terms of the proposed Transfer by the Sellers to the Purchaser;
- (e) that the Tag Along Shareholder has an option (“**Tag Along Option**”) to direct the Sellers to include in any sale to the Purchaser such Respective Proportion of each Tag Along Shareholder’s Shares as that Tag Along Shareholder may direct, on the same terms;
- (f) the period during which the Tag Along Option must be open for acceptance, which (unless otherwise agreed) may be not less than thirty (30) days; and
- (g) the settlement date for completion of the sale if the Tag Along Option is accepted, which (unless otherwise agreed) must be not less than ten (10) and not more than thirty (30) days after the last date for exercise of the Tag Along Option.

For the avoidance of doubt, a Tag Along Shareholder’s “Respective Proportion” under this Clause 14 is the ratio of (i) the number of outstanding Shares (on an as converted basis) then held by such Tag Along Shareholder, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Tag Along Shareholders exercising Tag Along Option pursuant to this Clause and the Sellers (excluding shares purchased by the Offerees pursuant to Clause 9).

### 14.2 Exercise of Tag Along Option

- (a) A Tag Along Option may be exercised by notice in writing to the Sellers, given within the period stated in the Invitation to Tag Along.
- (b) If a Tag Along Shareholder exercises its Tag Along Option, then the Sellers must not sell their Shares to the Purchaser unless the Purchaser, at the same time, buys the relevant number of Shares directed by each Tag Along Shareholder at the same price, and on the same terms.
- (c) Each Tag Along Shareholder shall effect its participation in the sale by promptly delivering to such Sellers, with a copy to the Company, for transfer to the prospective

Purchaser share certificates in respect of all Shares to be sold by such Tag Along Shareholder and a transfer form signed by such Tag Along Shareholder, which indicates:

- (i) the number of Class A Shares which such Tag Along Shareholder elects to sell;
- (ii) the number of Class B Shares which such Tag Along Shareholder elects to sell; or
- (iii) any combination of the foregoing.

For the avoidance of doubt, any proposed transfer of Shares in respect of the exercise of Tag Along Option pursuant to this Clause 14 shall not be subject to the rights of first refusal by the Company pursuant to Clause 9.

- (d) The share certificate or certificates that a Tag Along Shareholder delivers pursuant to this Clause 14 shall be cancelled, the register of members shall be updated and the new shares certificates shall be issued to the Purchaser in consummation of the sale of the Shares of a Tag Along Shareholder pursuant to the terms and conditions specified in the Transfer Notice, in each case as soon as reasonably practicable and payment shall be made against the delivery of such share certificate or certificates for cancellation and receipt of executed transfer instruments, and the Sellers shall cause the Purchaser to remit to such Tag Along Shareholder that portion of the sale proceeds to which such Tag Along Shareholder is entitled by reason of its participation in such sale. In selling their Shares pursuant to their Tag Along Option hereunder, the Tag Along Shareholders shall not be required to give any representations or warranties with respect to their Shares to be sold except to confirm that they have valid title and have not transferred or encumbered such Shares.

### **14.3 Transfer to a Purchaser**

If:

- (a) the procedures in Clauses 9.1 to 9.5 are followed;
- (b) the procedures in this Clause 14 are followed; and
- (c) there are Unaccepted Shares, ninety (90) days after the giving of the Initial Offer(s),

then the Seller may effect a Transfer of the Sale Shares covered by the Transfer Notice to the Purchaser to the extent not already purchased or sold (or elected to be purchased or sold), as applicable, pursuant to Clauses 9 and 14, provided such Transfer shall be on terms and conditions not more favourable (including the purchase price) to the Purchaser than those described in the Transfer Notices; provided, further, that no Sale Shares shall be transferred unless such transfer is made in compliance with the terms of this Agreement and applicable laws. Any proposed Transfer on terms and conditions more favourable to the Purchaser than those described in the applicable Transfer Notice, as well as any proposed Transfer not consummated within the foregoing period, shall again be subject to the procedures described in Clauses 9 and 14.

#### 14.4 Transfer of other Securities

Clauses 9 and 14 apply equally to a proposed transfer of other Securities (which are not Shares) issued by the Company.

### 15. DRAG ALONG RIGHTS

#### 15.1 Drag Along Notice

If, prior to the closing of a Qualified IPO, the holders of more than fifty percent (50%) of all then issued and outstanding share capital of the Company (on an as converted basis, the “**Requisite Shareholders**”) vote in favour of, otherwise consent in writing to, and/or otherwise agree in writing, approve a sale of the Company, whether by means of a merger, consolidation or other similar transaction or the sale of Shares or the sale of all or substantially all of the assets in any transaction (or series of related transactions) the closing of which would qualify as a Liquidation Transaction (a “**Change of Control**”), and provided that the valuation of the Company in the sale is US\$300,000,000 or more, the Company may give a Drag Along Notice to the other Shareholders (each a “**Minority Shareholder**”).

The Drag Along Notice must state:

- (a) the identity of the Sellers;
- (b) the identity of the Purchaser;
- (c) the percentage of the total number of issued Shares being sold by the Sellers;
- (d) the Sale Price and any other terms of the proposed Transfer by the Sellers to the Purchaser;
- (e) that the Sellers requires each Minority Shareholder to sell all of its Shares to the Purchaser at the Sale Price and on the same terms as the Sellers are selling (except that Minority Shareholders must not be required to give any warranties to the Purchaser, other than a warranty as to their clear title to the Shares held by them and their authority to enter into an agreement to sell the Shares); and
- (f) the settlement date for completion of the sale, which (unless otherwise agreed) must be not less than ten (10) and not more than forty-five (45) days after the Drag Along Notice is given.

#### 15.2 Effect of Drag Along Notice

If a Drag Along Notice is given, then the Minority Shareholders shall, in accordance with Drag Along Notice received from the Company, vote all of its voting securities of the Company in favour of, otherwise consent in writing to, and/or otherwise sell or transfer all of its shares in such Change of Control (including without limitation tendering original share certificates for transfer, signing and delivering share transfer certificates, share sale or exchange agreements, and certificates of indemnity relating to any shares in the capital of the Company in the event that such Shareholder has lost or misplaced the relevant share certificate) on the same terms and conditions as were agreed to by the Requisite Shareholders.



### **15.3 Non-application of other rights**

For the avoidance of doubt, the pre-emptive right and tag along right pursuant to Clause 9 and Clause 14 shall not apply in respect of the Transfer of Shares (if applicable) in respect of a Change of Control duly approved by the Requisite Shareholders pursuant to this Clause 15.

## **16. QUALIFIED IPO; OBLIGATIONS RELATING TO QUALIFIED IPO**

- 16.1.** The Parties agree that upon a Qualified IPO, if so requested by The Stock Exchange of Hong Kong Limited (or such other Qualified Exchange, as the case may be) and where reasonably necessary to facilitate the Qualified IPO, this Agreement or the relevant parts hereof may be terminated or amended, as appropriate, on the date the listing contemplated under the Qualified IPO has taken place, provided that, in the event that the Qualified IPO does not occur within twelve (12) months after the completion of such termination or amendment, each of the Company and the Shareholders shall take all such actions as necessary or desirable to restore all the rights and privileges of each Shareholder contained herein, including without limitation (i) causing the Company to amend the Articles, and (ii) entering into agreements containing substantially the same terms and conditions hereof.
- 16.2.** Each of the Shareholders undertakes to:
- (a) carry out all reasonable actions to achieve a Qualified IPO and cooperate with the Company including complying with and procuring the compliance with all conditions imposed by a Qualified Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the exchange of the Shares of the Founders or for the listing of and permission to deal in the Shares of the Founders and the continued compliance thereof; and
  - (b) include all the Shares of or converted by each of the Shareholders in the application for such Qualified IPO.
- 16.3.** The Company's costs associated with undertaking a Qualified IPO shall be borne by the Company.

## **17. LIQUIDATION PREFERENCE**

Upon the occurrence of any liquidation, dissolution or winding up of the Group, whether voluntary or involuntary, or the consummation of any Liquidation Transaction, the assets of the Group available for distribution (after satisfaction of statutory claims and indebtedness) shall be distributed in the following order:

- (a) before any distribution or payment shall be made to the holders of any other Shares and any other equity security of the Group, Prenetics shall be entitled to receive an amount equal to the sum of (i) one hundred percent (100%) of the Original Share Price of the Original Prenetics Shares then still held by Prenetics (subject to adjustment for any share split or consolidation with respect to the number of Original Prenetics Shares and the Original Share Price shall be adjusted accordingly), plus (ii) any dividends declared and unpaid per share with respect to the Shares then held by Prenetics. If, upon any such liquidation, dissolution or winding up, or such Liquidation Transaction, the assets of the Group shall be insufficient to make payment of the foregoing amounts in full on all the Shares held by Prenetics, then Prenetics shall be entitled to receive all assets of the Group available for distribution.
- (b) if there are assets of the Group available for distribution after payment in full of the liquidation preference referred to in Clause 17(a), the remaining assets of the Group available for distribution to the Shareholders shall be distributed proportionally among the other holders of Shares except Prenetics (unless Prenetics shall elect not to receive any payment pursuant to Clause 17(a) above).

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## **18. REPRESENTATIONS, WARRANTIES**

Each Party represents and warrants that:

- (a) it/he has full power and authority to enter into and perform its obligations under this Agreement;
- (b) it/he has taken all necessary action to authorise the execution, delivery and the performance of this Agreement; and
- (c) this Agreement constitutes its legal, valid and binding obligations, enforceable in accordance with its terms.

## **19. TERM**

### **19.1 Commencement**

This Agreement is effective from the date of this Agreement (or with respect to any Person who becomes a Shareholder by executing the Accession Agreement, the date of such Person's Accession Agreement) and, subject to Clause 19.3, remains in effect until:

- (a) it ceases to apply to a Shareholder under Clause 19.2;
- (b) the Parties agree in writing to terminate this Agreement; or
- (c) the bankruptcy, liquidation, dissolution, winding up or similar procedures of the Company.

### **19.2 Transfer of Shares**

Subject to Clause 19.3, this Agreement ceases to apply to a Shareholder that has transferred all of its Shares under this Agreement.

### **19.3 Certain provisions continue**

The termination of this Agreement with respect to a Party does not affect:

- (a) any obligation of that Party which accrued prior to that termination and which remain unsatisfied; and
- (b) Clause 13, Clause 20 and any provision of this Agreement which is expressed to come into effect on, or to continue in effect after, that termination.

## **20. NOTICES AND OTHER COMMUNICATIONS**

### **20.1 Form - all communications**

Any notice or other communication given or made under this Agreement shall be in writing and shall, unless otherwise specified, be in English. Any such notice or other communication shall be sent to the address or the email address of each Party as identified with its name below, or as otherwise advised by any Party to this Agreement from time to time, and marked for the attention of the Person stated below.

<b>Lo Yuk Ming Dennis</b>	Address	[REDACTED]
	Email address	[REDACTED]
<b>Chan Kwan Chee</b>	Address	[REDACTED]
	Email address	[REDACTED]
<b>Company</b>	Address	21C, Emperor Height, 5 Cox's Road, Jordan, Kowloon, Hong Kong
	Email address	corporate.affairs@insighta.com
	Attention	The Board of Directors
<b>Prenetics</b>	Address	Unit 701-706, K11 Atelier King's Road, 728 King's Road, Quarry Bay, Hong Kong
	Email address	danny@prenetics.com
	Attention	Mr. Danny Sheng Wu Yeung

## 20.2 Form - communications sent by email

Communications sent by email need not be marked for attention in the way stated in Clause 20.1. However, the email must state the first and last name of the sender.

Communications sent by email are taken to be signed by the named sender.

## 20.3 Delivery

Communications must be:

- (a) left at the address set out or referred to in Clause 20.1; or
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in Clause 20.1; or
- (c) sent by email to the address set out or referred to in Clause 20.1.

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However, if the intended recipient has notified a changed address or email address, then communications must be to that address, fax number or email address.

**20.4 When effective**

Communications take effect from the time they are received or taken to be received under Clause 20.6 (whichever happens first) unless a later time is specified.

**20.5 When taken to be received**

Communications are taken to be received:

- (a) if sent by post, two (2) Business Days after posting (or five (5) Business Days after posting if sent from one country to another); or
  - (b) if sent by email:
    - (i) when the sender receives an automated message confirming delivery; or
    - (ii) four (4) hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,
- whichever happens first.

**20.6 Receipt—general**

Despite Clauses 20.4 and 20.5, if notices are received after 5:00pm in the place of receipt or on a non-Business Day, they are to be taken to be received at 9:00am on the next Business Day.

**21. GENERAL**

**21.1 Discretion in exercising rights**

A Party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this Agreement expressly states otherwise.

**21.2 No waiver of rights**

Except as otherwise set out in this Agreement, any partial exercise, failure to exercise, or delay in exercising, a right or remedy provided under this Agreement or by law does not operate as a waiver or prevent or restrict any further or other exercise of that or any other right or remedy in accordance with this Agreement. Any consent granted under this Agreement shall be effective only if given in writing and signed by the consenting Party and then only in the instance and for the purpose for which it was given.

**21.3 No liability for loss**

Except as otherwise set out in this Agreement, a Party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy that is available to it under this Agreement.

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**21.4 Approvals and consents**

By giving its approval or consent a Party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

**21.5 Remedies cumulative**

The rights and remedies provided in this Agreement are in addition to other rights and remedies given by law independently of this Agreement.

**21.6 Further steps**

Each Party agrees, at its own expense, to do anything reasonably requested by another Party (including casting their votes as Shareholders of the Company, negotiating in good faith, obtaining consents, signing and producing documents and getting documents completed and signed) to give effect to the provisions of this Agreement and the transactions contemplated by it.

**21.7 Entire agreement**

This Agreement, together with the other Transaction Documents, shall constitute the entire agreement of the Parties about the subject matter and supersede all previous agreements (whether written or oral), understandings and negotiations on that subject matter.

**21.8 Construction**

No rule of construction applies to the disadvantage of a Party because that Party was responsible for the preparation of, or seeks to rely on, this Agreement or any part of it.

**21.9 No assignment**

A Party must not assign, transfer, dispose of or otherwise part with any of its rights under this Agreement without the consent of the Company. Any such assignment without such prior written consent shall be null and void. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the Parties hereto and their respective heirs, successors and permitted assigns.

**21.10 Severability**

If any provision or of any part of a provision of this Agreement is invalid or void, unenforceable or illegal in a jurisdiction, such provision is severed for that jurisdiction. The remainder of this Agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This Clause has no effect if the severance alters the basic nature of this Agreement.

**21.11 Third Parties**

Except as expressly provided in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the laws of Hong Kong) 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 that Ordinance.

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### **21.12 Counterparts**

This Agreement may consist of a number of copies, each signed by one or more Parties to the agreement. If so, the signed copies are treated as making up the one document and the date on which the last counterpart is executed is the date of the agreement.

## **22. GOVERNING LAW AND DISPUTE RESOLUTIONS**

- (a) The construction, validity and performance of this Agreement and all non-contractual obligations (if any) arising from or connected with this Agreement shall be governed by the law in force in Hong Kong.
- (b) The Parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. In the event the negotiations cannot resolve any such dispute between the Parties within thirty (30) days, any dispute, controversy, difference or claim arising out of or relating to this Agreement, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (HKIAC) under the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted. The law of this arbitration clause shall be Hong Kong law. The seat of arbitration shall be Hong Kong. The number of arbitrator shall be one. The arbitral proceedings shall be conducted in English. The award of the arbitral tribunal shall be final and binding upon the Parties thereto.

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## SCHEDULE 1 - MATTERS REQUIRING A SUPERMAJORITY DIRECTORS' RESOLUTION

The matters requiring a Supermajority Directors' Resolution are:

- (a) **(budget and business plan)** the approval and adoption of the budget and the business plan of any Group Member;
- (b) **(cessation of business or liquidation)** any proposal to cease to carry on the business of any Group Member or to wind-up or dissolve any Group Member or to appoint a liquidator or administrator to any Group Members, or a Liquidation Transaction;
- (c) **(acquisition or disposals)** any acquisition or disposal of any entity, business or business segment, through one or a series of transactions, with an aggregate purchase price of over US\$500,000, whether by merger, amalgamation, share exchange, purchase of capital stock, purchase of all or substantially all of the applicable assets, consolidation or similar transactions;
- (d) **(change of control)** any merger, consolidation, amalgamation or any other transaction in which the shareholders of any Group Member own less than a majority by voting power of the issued share capital of the surviving or acquiring entity;
- (e) **(change to Subsidiary)** the establishment or dissolution of any Subsidiary, or adoption or alteration of its governing documents, board of directors, management structure or ownership; or the disposal of any securities of any Subsidiary;
- (f) **(change in equity structure)** other than an issue of Shares in accordance with the share option scheme referred to in the Share Subscription Agreement, any corporate action which alters the equity structure of any Group Member such as the issuing of new shares, the granting of an option to subscribe for shares except for in accordance with the share option scheme referred to in the Share Subscription Agreement, the redemption or repurchase of shares, the buy-back of shares or the reduction or conversion of capital, any increase or decrease in the number of issued shares, any combination, consolidation, subdivision or reclassification of the share capital of the Group Member;
- (g) **(encumbrances)** the granting or creation of any Encumbrance over the assets or undertaking of the Company or any Group Member other than in the ordinary course of the business and with an asset value of more than US\$500,000;
- (h) **(listing)** a public offering, including but not limited to an initial public offering or direct listing of the Shares or other securities of any Group Member in conjunction with the admission to trading on a stock exchange (excluding any subordinated debt offering) or merger with (or acquisition by) a special purpose acquisition vehicle already listed on a stock exchange or similar public offering, and for the avoidance of doubt, including a Qualified IPO;
- (i) **(disposition of intellectual property rights)** any sale, lease, transfer, license (save for licenses entered into in the ordinary course of business) or other disposition of any of the intellectual property rights, including amendments of licensing agreements (other than in the ordinary course of business), among others, of any Group Members; and
- (j) **(share option schemes)** other than the share option scheme referred to in the Share Subscription Agreement, the establishment or change of any scheme for the issue of shares or options of any Group Member to employees, consultants or officers of the Group and any retirement benefit or bonus or profit-sharing scheme for employees, consultants or officers of the Group.

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**SCHEDULE 2 - ACCESSION AGREEMENT****Details**

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<b>Parties</b>	[Insert details of the seller] (the “ <b>Transferor</b> ”), [Insert details of the continuing shareholders] (the “ <b>Continuing Shareholders</b> ”), and the buyer or subscriber (the “ <b>Transferee/Subscriber</b> ”)
<b>Recitals</b>	<p><b>A</b> The [Transferor, the] Continuing Shareholders and the Company are parties to a Shareholders’ Agreement dated [insert date].</p> <p><b>B</b> [The Transferor has agreed to sell and the Transferee has agreed to purchase [insert number] shares in the Company]/ The Company has agreed to issue and the Subscriber has agreed to purchase [insert number] Shares in the Company</p> <p><b>C</b> Under Clauses 7.9 and 8.3 of the Shareholders’ Agreement, before it is registered as a holder of any Shares, a [Transferee/Subscriber] must become a party to the Shareholders’ Agreement, by entering into an agreement in the form of this Accession Agreement.</p> <p><b>D</b> [The Transferor wishes to be released from its obligations under the Shareholders’ Agreement in respect of the Sale Shares, as from the Effective Date, to the extent permitted under the Shareholders’ Agreement.]</p> <p><b>E</b> The Continuing Shareholders have agreed to the [transfer/issue] of the [Sale/New] Shares, subject to the [Transferee/Subscriber] entering into this Accession Agreement.</p>
<b>Governing law</b>	Hong Kong
<b>Date of agreement</b>	See Signing page

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## GENERAL TERMS

### 1 MEANING

#### 1.1 Defined terms

The defined terms used in this Agreement have the same meaning as those used in the Shareholders' Agreement except that, "Effective Date" means the date referred to in Clause 2(b) of this Agreement.

#### 1.2 Interpretation

Clause 1 of the Shareholders' Agreement applies in the interpretation of this Agreement.

### 2 [TRANSFEREE/NEW SHAREHOLDER] TO BE A PARTY

The [Transferee/Subscriber]:

- (a) confirms that it has been supplied with a copy of the Shareholders' Agreement; and
- (b) undertakes with each Continuing Shareholder and the Company as from the date that it is registered as a holder of the [Sale/New] Shares ("**Effective Date**") to be bound by the Shareholders' Agreement.

### 3 CONSENT OF COMPANY AND CONTINUING SHAREHOLDERS

The Company and each Continuing Shareholder:

- (a) consent to the [Transferee/ Subscriber] becoming a party to the Shareholders' Agreement (as a "**Shareholder**") and to the [transfer of the Sale Shares]/[issue of the New Shares] on and from the Effective Date [and to the Transferee assuming the obligations of the Transferor in accordance with (and to the extent referred to in) Clause 19 of the Shareholders' Agreement];
- (b) agree that the [Transferee/Subscriber] will be entitled to exercise all of the rights, privileges and benefits of [the Transferor]/[a Shareholder] in respect of the [Sale/New] Shares; and
- (c) agree to be bound by the terms of the Shareholders' Agreement as if the [Transferee]/[Subscriber] were named in the Shareholders' Agreement as a "Shareholder" with effect from the Effective Date.

### 4 [TRANSFEROR RELEASED]

With effect on and from the Effective Date, each Continuing Shareholder and the Company release and discharge the Transferor to the extent specified in Clause 19 of the Shareholders' Agreement.]

### 5 SHAREHOLDERS' AGREEMENT

The parties agree that, except as provided above, the provisions of the Shareholders' Agreement remain in full force and effect.

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## **6 NOTICES**

For the purposes of the Shareholders' Agreement, the address of:

- (a) the [Transferee/Subscriber] to which all notices must be delivered (until substituted in accordance with Clause 20.3 of the Shareholders' Agreement) is the address set out in the Details or, if the [Transferee/Subscriber] has notified otherwise, then marked for attention in the way last notified; and
- (b) each Continuing Shareholder is the address set out in the Details section of the Shareholders' Agreement or, if a Continuing Shareholder has notified otherwise, then marked for attention in the way last notified.

## **7 COSTS AND STAMP DUTY**

### **7.1 Costs**

The costs of the Company arising out of the negotiation, preparation and execution of the Accession Agreement will be borne by the [Transferee/Subscriber]. In all other respects, each party shall bear its own costs arising out of the negotiation, preparation and execution of this Agreement.

### **7.2 Stamp duty**

All stamp duty (including fines, penalties and interest) which may be payable on or in connection with this Agreement, any instrument executed under this Agreement, and in respect of a transaction evidenced by the agreement must be borne by the [Transferee/Subscriber]. The [Transferee/Subscriber] must indemnify the other parties to this Agreement on demand against any liability for that stamp duty.

## **8 GOVERNING LAW**

This Agreement is governed by Hong Kong laws. The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction there.

## **9 COUNTERPARTS**

This Agreement may consist of a number of copies, each signed by one or more parties to the agreement. If so, the signed copies are treated as making up the one document and the date on which the last counterpart is executed is the date of the agreement.







**INSIGHTA HOLDINGS LIMITED**

**SIGNED** by )

for and on behalf of )

**INSIGHTA HOLDINGS LIMITED** )

\_\_\_\_\_  
Signature of witness )

\_\_\_\_\_  
Name of witness (block letters) )

\_\_\_\_\_  
By executing this Agreement, the signatory  
warrants that the signatory is duly authorised to  
execute this Agreement on behalf of  
**INSIGHTA HOLDINGS LIMITED**

Schedule 2











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**SCHEDULE 4**

**FORM OF AMENDED ARTICLES**

SCHEDULE 4

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THE COMPANIES ACT (AS AMENDED)  
Company Limited by Shares

**SECOND AMENDED AND RESTATED**

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**

**Insighta Holdings Limited**

(adopted by Special Resolution passed on [\*])

**Incorporated on the 17th day of March, 2023**

**INCORPORATED IN THE CAYMAN ISLANDS**

THE COMPANIES ACT (AS AMENDED)  
Company Limited by Shares

SECOND AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

Insighta Holdings Limited

(adopted by Special Resolution passed on [\*])

1. The name of the Company is Insighta Holdings Limited.
2. The Registered Office of the Company shall be at the offices of Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman Islands or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and shall include, but without limitation, the following:
  - (a) (i) To carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.
  - (ii) To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services.
- (b) To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.

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- (c) To purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds.
  - (d) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organise any company, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient.
  - (e) To stand surety for or to guarantee, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration thereof.
  - (f) To engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors or the Company likely to be profitable to the Company.

In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

- 4. Notwithstanding the generality of the objects stated in this Memorandum of Association, as of the date of establishment, the nature of business of the Company is Equity Holding Company.

5. Except as prohibited or limited by the Companies Act (As Amended), the Company shall have full power and authority to carry out any object and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, and subject to rights of the Class B Ordinary Shares set out in this Memorandum of Association and the Articles of Association of the Company, including under Articles 11(c)(iv) and 131 of the Articles of Association of the Company, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to Members of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance and to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.
6. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
7. The share capital of the Company is US\$50,000.00 divided into 250,000,000 Class A Ordinary Shares of a nominal or par value of US\$0.0001 each and 250,000,000 Class B Ordinary Shares of a nominal or par value of US\$0.0001 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (As Amended) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in this Memorandum of Association, the Company shall have no power to issue bearer shares, warrants, coupons or certificates.
8. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Act (As Amended) and, subject to the provisions of the Companies Act (As Amended) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

THE COMPANIES ACT (AS AMENDED)  
Company Limited by Shares

SECOND AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

Insighta Holdings Limited

(adopted by Special Resolution passed on [\*])

1. In these Articles Table A in the Schedule to the Statute does not apply and, unless there be something in the subject or context inconsistent therewith,

“Accepting Shareholder” has the meaning given in Section 3.3 of Schedule 1.

“Affiliates” of any Person means any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the specified Person. For the purposes of this definition, a Person shall be deemed to be “**controlled by**” another Person if the other possesses, directly or indirectly, power either (i) to vote fifty percent (50%) or more of the securities having voting power for the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“Articles” means the Articles of Association as originally framed or as from time to time altered by Special Resolution.

“Auditors” means the persons for the time being performing the duties of auditors of the Company.

“Board of Directors” means the Directors assembled as a board.

“Business Day” means a day other than a Saturday, Sunday or a public holiday in Hong Kong or the Cayman Islands.

“Chairman” or “Chairperson” means the chairperson of the Board of Directors.

“Class A Ordinary Share” means a Class A Ordinary Share in the capital of the Company of a par value of US\$0.0001 having the rights, benefits and privileges set out in these Articles.



“Class B Ordinary Share”	means a Class B Ordinary Share in the capital of the Company of a par value of US\$0.0001 having the rights, benefits and privileges set out in these Articles.
“Company”	means the above named Company.
“Control”	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).
“Danny Yeung”	means Danny Sheng Wu Yeung.
“Dennis Lo”	means Lo Yuk Ming Dennis.
“debenture”	means debenture stock, mortgages, bonds and any other such securities of the Company whether constituting a charge on the assets of the Company or not.
“Declined Shares”	means the part of a Shareholder’s entitlement to New Shares which is not taken up by that Shareholder.
“Defaulting Shareholder”	means a Shareholder who comes within Section 4.1 of Schedule A.
“Directors”	means the directors for the time being of the Company.
“dividend”	includes bonus.
“Drag Along Notice”	means a notice provided by a Seller to the Minority Shareholders under Section 8 of Schedule A.
“Encumbrance”	means any mortgage, lien, charge, pledge, restriction, assignment, hypothecation, security interest, title retention or any other arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal or right of pre-emption), or any arrangement to create any of the same.
“Fair Market Value”	means an amount determined under Section 5 of Schedule A.
“Family Members”	means the following individuals: the applicable individual, the spouse of the applicable individual (including former spouses), the parents of the applicable individual and his/her spouse, the lineal descendants of the applicable individual and his/her spouse, the siblings of the applicable individual and his/her spouse, and the lineal descendants of a sibling of the applicable individual and his/her spouse. 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.
“Founders”	Dennis Lo and Chan Kwan Chee, collectively.

“fully paid”	shall bear the meaning as ascribed to it in the Statute.
“Group”	means the Company and all direct or indirect, existing or future Subsidiary of each of the foregoing and any one of them, the “ <b>Group Member</b> ”.
“Initial Offer”	means the initial offer made by a Seller in a Transfer Notice to Transfer Sale Shares to the other Shareholders under Section 3.1 of Schedule A.
“Liquidation Transaction”	means whether in a single transaction or series of related transactions, (A) any merger, amalgamation, consolidation, acquisition, share purchase, reorganisation or scheme thereof or other business combination in which the Shareholders owning a majority of the voting power or voting share of the Group immediately prior to such transaction do not own a majority of the voting power or voting share of the Group or the surviving or acquiring person following such transaction, or (B) a sale of all or substantially all of the Group’s assets (including the exclusive licensing, assignment, transfer or other disposition of all or substantially all the intellectual property of the Group to a third party) in a transaction.
“Member”	shall bear the meaning as ascribed to it in the Statute.
“Minority Shareholder”	has the meaning given in Section 8.1 of Schedule A.
“month”	means calendar month.
“New Share”	means a Share issued or proposed to be issued under Section 1 of Schedule A.
“Notice of Issue”	means the notice given by the Company to Shareholders to advise them of the issue of new Shares under Section 1.1 of Schedule A.
“Offeree”	has the meaning given in Section 3.1 of Schedule A.
“Offer Period”	means the period during which an offer made in a Transfer Notice under Section 3 or 4 of Schedule A (as the context requires) is open.
“Ordinary Resolution”	means a resolution of a general meeting passed by a simple majority of the Shareholders’ voting Shares who, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a meeting or a written resolution signed by all Shareholders entitled to vote.
“Ordinary Share”	means, collectively, the Class A Ordinary Share and the Class B Ordinary Share;
“Original Prenetics Shares”	means 1,000,000 Class A Ordinary Shares held by Prenetics as at [the date of Shareholders’ Agreement of Insighta (i.e. Completion Date of SSA)]
“Original Share Price”	means US\$100.00 per share.
“paid-up”	means paid-up and/or credited as paid-up.

“Permitted Transfer”	means a Transfer referred to in Section 2.1(a) of Schedule A or a Transfer by any Shareholder with prior written consent of the other Shareholders.
“Permitted Transferee”	means with respect to a holder of Class B Ordinary Share(s), any transferee or other recipient in any transfer of any Class B Ordinary Share(s) by such holder to (A) his or her Family Members; or (B) any entities Controlled by such holder; or (C) any trust or estate planning entity (including partnerships, limited companies, and limited liability companies), that is primarily for the benefit of such holder, his or her Family Members, and/or other trusts or estate planning entities described in this paragraph.
“Person”	means any individual, entity or group, including, without limitation, any corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organisation or governmental or regulatory authority.
“Prenetics”	means Prenetics Global Limited.
“Purchaser”	means a third party purchaser of Shares being transferred under Section 3 of Schedule A.
“Qualified Exchange”	means the Main Board of The Stock Exchange of Hong Kong Limited, the New York Stock Exchange, the NASDAQ Global Market or such other internationally recognised investment exchange of the same or higher international standing as may be approved by each of the Shareholders.
“Qualified IPO”	means the Company’s first underwritten firm-commitment public offering of the Shares on a Qualified Exchange with the aggregate net proceeds of US\$100,000,000 or more (after deduction of underwriting discounts and commissions and other expenses) and duly approved pursuant to these Articles.
“Receiver”	includes a receiver or receiver and manager.
“Relevant Time”	is defined in Section 6.3 of Schedule A.
“Representative”	means an employee, agent, officer, director, auditor, adviser, partner, associate, consultant, joint venturer or sub-contractor of a party or of an Affiliate of that party.
“Requisite Shareholders”	has the meaning given in Section 8.1 of Schedule A.

“Register of Members”	means the register of Shareholders to be kept pursuant to these Articles and the Statute.
“Respective Proportions”	means: <ul style="list-style-type: none"> <li>(a) when used in relation to all Shareholders, the proportions which their respective Shareholdings bear to all of the issued and outstanding Shares (on an as converted basis); or</li> <li>(b) when used in relation to less than all the Shareholders, the proportions which their respective Shareholdings bear to their aggregate outstanding Shareholdings (on an as converted basis).</li> </ul>
“registered office”	means the registered office for the time being of the Company.
“Sale Shares”	means Shares being transferred by a Seller or a Defaulting Shareholder under Section 3 or 4 of Schedule A, respectively.
“Schedule A”	A means Schedule A attached to these Articles.
“Seal”	means the common seal of the Company and includes every duplicate seal.
“Secretary”	includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company.
“Securities”	means Shares, any securities or instruments convertible into Shares, and any options to subscribe for any such Shares or convertible securities or instruments.
“Seller”	means a Shareholder who proposes to transfer Shares under Section 3, 7 and 8 of Schedule A.
“share”	includes a fraction of a share.
“Shareholder”	means any person registered in the Register of Members as the holder of Shares of the Company.
“Shareholders’ Agreement”	means the agreement entered into by and among the Founders, Prenetics and the Company on [*] 2023.
“Share Subscription Agreement”	means the share subscription agreement dated 25 June 2023 entered into between the Company and Prenetics.
“Shortfall Offer”	means an offer under Section 3.4 of Schedule A.
“Special Resolution”	has the same meaning as in the Statute and includes a resolution approved in writing as described therein.
“Statute”	means the Companies Act of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in force.

“Subsidiary”	means, as of the relevant date of determination, with respect to any Person (the “ <b>subject entity</b> ”), (i) any Person (x) more than fifty percent (50%) of whose shares or other interests entitled to vote in the election of directors or (y) more than a fifty percent (50%) interest in the profits or capital of such Person are owned or controlled directly or indirectly by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any Person whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with any accounting standard, or (iii) any Person with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary. For the avoidance of doubt, the Subsidiaries of the Company shall include the Group Members.
“Supermajority Directors’ Resolution”	means a resolution approved by all the Directors appointed by the Founders and Prenetics who are not disqualified from voting on that resolution.
“Tag Along Option”	has the meaning given in Section 7.1 of Schedule A.
“Tag Along Shareholder”	has the meaning given in Section 7.1 of Schedule A.
“Transfer”	means directly or indirectly, sell, give, transfer, assign or otherwise dispose of or deal with any legal or equitable interest in a Share, the use of “Transfer” as a noun, “Transferring”, “Transferred” shall be construed accordingly.
“Transfer Notice”	means the written notice given by a Seller to the other Shareholders offering to sell them its Respective Proportion of the Sale Shares under Section 3 of Schedule A or taken to have been given under Section 4.2 of Schedule A.
“Transferee”	means a person who accepts a Transfer of Shares under Section 2, 3 or 4 of Schedule A, as applicable.
“Transferor”	means a Shareholder who Transfers Shares, a Seller or a Defaulting Shareholder under Section 3, 4, 7 or 8 of Schedule A, as applicable.
“Unaccepted Shares”	means the balance of Sale Shares not accepted by Shareholders in receipt of a Transfer Notice within the Offer Period, under Section 3 or 4 of Schedule A, as applicable.
“Unrelated Shareholders”	has the meaning given in Section 4.2 of Schedule A.

“written” and “in writing” include all modes of representing or reproducing words in visible form.

Words importing the singular number only include the plural number and vice versa.

Words importing the masculine gender only include the feminine gender.

Words importing persons only include corporations.

2. The business of the Company may be commenced as soon after incorporation as the Directors shall see fit, notwithstanding that part only of the shares may have been allotted.
3. The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

#### **CERTIFICATES FOR SHARES**

4. Certificates representing shares of the Company shall be in such form as shall be determined by the Directors. Such certificates may be under Seal. All certificates for shares shall be consecutively numbered or otherwise identified and shall specify the shares to which they relate. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered in the register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled. The Directors may authorise certificates to be issued with the seal and authorised signature(s) affixed by some method or system of mechanical process.
5. Notwithstanding Article 4 of these Articles, if a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of one dollar (US\$1.00) or such less sum and on such terms (if any) as to evidence and indemnity and the payment of the expenses incurred by the Company in investigating evidence, as the Directors may prescribe.

#### **ISSUE OF SHARES**

6. Subject to Schedule A, the provisions, if any, in that behalf in the Memorandum of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights previously conferred on the holders of existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares of the Company (including fractions of a share) with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in these Articles of Association, the Company shall be precluded from issuing bearer shares, warrants, coupons or certificates.
7. The Company shall maintain a register of its Members and every person whose name is entered as a Member in the register of Members shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment of fifty cents (US\$0.50) for every certificate after the first or such less sum as the Directors shall from time to time determine provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of the several joint holders shall be sufficient delivery to all such holders.

#### **TRANSFER OF SHARES**

8. Subject to Schedule A, the instrument of transfer of any share shall be in writing and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.

9. Subject to Schedule A, the Directors may in their absolute discretion decline to register any transfer of shares without assigning any reason therefor. If the Directors refuse to register a transfer they shall notify the transferee within two months of such refusal.
10. The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than 45 days in any year.

#### **ORDINARY SHARE RIGHTS AND RESTRICTIONS**

11. Except as otherwise provided in these Articles (including Articles 11(c)(iv), 11(d) and 57), the Class A Ordinary Shares and Class B Ordinary Shares have the same rights and powers, and rank equally (including as to dividends and distributions, and upon the occurrence of any liquidation or winding up of the Company), share ratably and are identical in all respects and as to all matters, unless different treatment of the Shares of each such class is approved by the affirmative vote of the holders of a majority of the Class A Ordinary Shares and the holders of a majority of the Class B Ordinary Shares, each voting exclusively and as a separate class.
  - (a) Income: Holders of Ordinary Shares shall be entitled to such dividends as the Directors may in their absolute discretion lawfully declare from time to time.
  - (b) Capital: Holders of Ordinary Shares shall be entitled to a return of capital on liquidation, dissolution or winding-up of the Company in accordance with Article 125 et seq.
  - (c) Attendance at General Meetings; Class Voting:
    - (i) Holders of Ordinary Shares have the right to receive notice of, attend, speak and vote at general meetings of the Company.
    - (ii) Except as otherwise provided in these Articles (including Article 11(c)(iv)), holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all matters submitted to a vote for Shareholders' consent.
    - (iii) On all matters subject to a vote of the Shareholders, Ordinary Shares shall be entitled to voting rights as set forth in Article 57.
    - (iv) Subject to applicable law, in addition to any rights provided by applicable law or otherwise set forth in these Articles, the Company shall not, without the approval by vote or written consent of the holders of a majority of the voting power of the Class B Ordinary Shares, voting exclusively and as a separate class, directly or indirectly, or whether by amendment or through merger, recapitalization, consolidation or otherwise;
      - (1) increase the number of authorized Class B Ordinary Shares;
      - (2) issue any Class B Ordinary Shares or securities convertible into or exchangeable for Class B Ordinary Shares, other than on a pro rata basis to all holders of Class B Ordinary Shares permitted to hold such shares under these Articles;
      - (3) create, authorize, issue, or reclassify into, any preference shares in the capital of the Company or any Shares in the capital of the Company that carry more than one (1) vote per share;

- (4) 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
  - (5) amend, restate, waive, adopt any provision inconsistent with or otherwise vary or alter any provision of the Memorandum or these Articles relating to the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Class B Ordinary Shares.
- (v) Any variation of rights conferred by the Ordinary Shares that would result in a detrimental effect on the rights of the holders of such Ordinary Shares shall be subject to the approval of the majority of the Shareholders in that class.

(d) Conversion of Class A Ordinary Shares and Class B Ordinary Shares:

Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share (as adjusted for share splits, share combinations and similar transactions) at any time at the option of the holder thereof. In no event shall any Class A Ordinary Share be convertible into any Class B Ordinary Shares.

(e) Automatic Conversion of Class B Ordinary Shares. Any number of Class B Ordinary Shares held by a holder thereof will be automatically and immediately converted into an equal number of Class A Ordinary Shares (as adjusted for share splits, share combinations and similar transactions) upon:

- (1) 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;
- (2) 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 such holder;
- (3) a person becoming a holder of Class B Ordinary Shares by will or intestacy, where the Class B Ordinary Shares transferred to such holder by will or intestacy shall be automatically converted into the same number of Class A Ordinary Shares (as adjusted for share splits, share combinations and similar transactions).

For the avoidance of doubt, the following shall not be deemed as a sale, transfer, assignment or disposition under this Article: (i) any sale, transfer, assignment, or disposition to one or more Permitted Transferee of such holder; or (ii) the creation of any pledge, charge, encumbrance, or other third party right of whatever description on the issued and outstanding voting securities or the assets of a holder of Class B Ordinary Shares to secure contractual or legal obligations unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party that is not a Permitted Transferee of such holder holding directly or indirectly legal or beneficial ownership or voting power through voting proxy or otherwise to the related issued and outstanding voting securities or the assets.



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- (f) Procedure of Conversion. Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to these Articles shall be effected by means of the re-designation and re-classification of each relevant Class B Ordinary Share as a Class A Ordinary Share, such conversion to become effective forthwith upon entries being made in the Register of Members to record the re-designation and re-classification of the relevant Class B Ordinary Shares as Class A Ordinary Shares.
- (g) Reservation of Shares Issuable upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Class A Ordinary Shares, solely for the purpose of effecting the conversion of the Class B Ordinary Shares, such number of its Class A Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Class B Ordinary Shares; and if at any time the number of authorized but unissued Class A Ordinary Shares shall not be sufficient to effect the conversion of all then-outstanding Class B Ordinary Shares, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Class A Ordinary Shares to such numbers of shares as shall be sufficient for such purpose.

#### **REDEEMABLE SHARES**

12. (a) Subject to the provisions of the Statute, the Memorandum of Association and these Articles, shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by Special Resolution determine and the rights attaching to any issued shares may, subject to the provisions of these Articles, by Special Resolution, be varied so as to provide that such shares are to be or are liable to be so redeemed.
- (b) Subject to the provisions of the Statute, the Memorandum of Association and these Articles, the Company may purchase its own shares (including fractions of a share), including any redeemable shares, provided that the manner of purchase has first been authorised by the Company in general meeting and may make payment therefor in any manner authorised by the Statute, including out of capital and provided that the Company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the Company other than shares held as treasury shares.
13. Subject to the provisions of these Articles, the manner and any of the terms of any such redemption or purchase of shares may be determined by either the Company by Ordinary Resolution or by the Directors. The Company may make a payment in respect of the redemption or purchase of its own shares otherwise than out of its profits, share premium account, or the proceeds of a fresh issue of shares.

#### **TREASURY SHARES**

14. The Company may, subject to the provisions of the Act, acquire, hold and dispose of its own shares as treasury shares.

## VARIATION OF RIGHTS OF SHARES

15. (a) Subject to Articles 11(c)(iv) and 131, if at any time the share capital of the Company 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, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class.
- (b) The provisions of these Articles relating to general meetings shall apply, *mutatis mutandis*, to every such general meeting of the holders of one class of Shares except the following:
  - (i) separate meetings of the holders of a class of Shares may be called only by:
    - (1) the Chairperson;
    - (2) a majority of the entire Board of Directors (unless otherwise specifically provided by the terms of issue of the Shares of such class); or
    - (3) with respect to meetings of the holders of Class B Ordinary Shares or Dennis Lo;
  - (ii) except as set forth in clause (i) above or provided in Article 43 below, nothing in this Article 15(a) or in Article 15(b) shall be deemed to give any Shareholder or Shareholders the right to call a class or series meeting; and
  - (iii) the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
16. For the purposes of Articles 15(a) and 15(b), except in connection with Article 11(c)(iv), the Directors may treat all classes of Shares, or any two classes of Shares, as forming a single class if they consider that each class would be affected in the same way by the proposal or proposals under consideration. In any other case, the Directors shall treat all classes of Shares, or any two classes of Shares, as separate classes.
17. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

## COMMISSION ON SALE OF SHARES

18. The Company may in so far as the Statute from time to time permits pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

## NON-RECOGNITION OF TRUSTS

19. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

## LIEN ON SHARES

20. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on a share shall extend to all dividends or other monies payable in respect thereof.
21. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder or holders for the time being of the share, or the person, of which the Company has notice, entitled thereto by reason of his death or bankruptcy.
22. To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
23. The proceeds of such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## CALL ON SHARES

24. (a) The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed terms, provided that no call shall be payable at less than one month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the shares. A call may be revoked or postponed as the Directors may determine. A call may be made payable by instalments.
- (b) A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
- (c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

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25. If a sum called in respect of a share is not paid before or on a day appointed for payment thereof, the persons from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest either wholly or in part.
  26. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium or otherwise, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which by the terms of issue the same becomes payable, and in the case of non-payment all the relevant provisions of these Articles as to payment of interest forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
  27. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls or interest to be paid and the times of payment.
  28. (a) The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and upon all or any of the monies so advanced may (until the same would but for such advances, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) seven per cent per annum, as may be agreed upon between the Directors and the Member paying such sum in advance.  
(b) No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

#### **FORFEITURE OF SHARES**

29. (a) If a Member fails to pay any call or instalment of a call or to make any payment required by the terms of issue on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call, instalment or payment remains unpaid, give notice requiring payment of so much of the call, instalment or payment as is unpaid, together with any interest which may have accrued and all expenses that have been incurred by the Company by reason of such non-payment. Such notice shall name a day (not earlier than the expiration of fourteen days from the date of giving of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time appointed the shares in respect of which such notice was given will be liable to be forfeited.  
(b) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.  
(c) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

30. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture were payable by him to the Company in respect of the shares together with interest thereon, but his liability shall cease if and when the Company shall have received payment in full of all monies whenever payable in respect of the shares.
31. A certificate in writing under the hand of one Director or the Secretary of the Company that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
32. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

#### **REGISTRATION OF EMPOWERING INSTRUMENTS**

33. The Company shall be entitled to charge a fee not exceeding one dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

#### **TRANSMISSION OF SHARES**

34. Subject to Schedule A, in case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any shares which had been held by him solely or jointly with other persons.
35. (a) Subject to Schedule A, any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to make such transfer of the share to such other person nominated by him as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy as the case may be.  
(b) Subject to Schedule A, if the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

36. Subject to Schedule A, a person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company PROVIDED HOWEVER that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

**AMENDMENT OF MEMORANDUM OF ASSOCIATION, CHANGE OF LOCATION OF REGISTERED OFFICE & ALTERATION OF CAPITAL**

37. (a) Subject to the rights of the Class B Ordinary Shares set out in these Articles, including under Articles 11(c)(iv), and subject to Articles 131(a) and (b), and in so far as permitted by the provisions of the Statute, the Company may from time to time by Ordinary Resolution alter or amend its Memorandum of Association otherwise than with respect to its name and objects and may, without restricting the generality of the foregoing:
- (i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine.
  - (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without nominal or par value;
  - (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- (b) All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
- (c) Subject to the provisions of the Statute, the Company may by Special Resolution change its name or alter its objects.
- (d) Without prejudice to Article 12 hereof and subject to the rights of the Class B Ordinary Shares set out in these Articles and the provisions of the Statute, the Company may by Special Resolution reduce its share capital and any capital redemption reserve fund.
- (e) Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its registered office.

## CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

38. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Directors of the Company may provide that the register of Members shall be closed for transfers for a stated period but not to exceed in any case 40 days. If the register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members such register shall be so closed for at least ten days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the register of Members.
39. In lieu of or apart from closing the register of Members, the Directors may fix in advance a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members and for the purpose of determining the Members entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.
40. If the register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

## GENERAL MEETING

41. (a) Subject to paragraph (c) hereof, the Company shall within one year of its incorporation and in each year of its existence thereafter hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the registered office on the second Wednesday in December of each year at ten o'clock in the morning.
- (b) At these meetings the report of the Directors (if any) shall be presented.
- (c) If the Company is exempted as defined in the Statute it may but shall not be obliged to hold an annual general meeting.
42. (a) The Directors may whenever they think fit, and they shall on the requisition of Members of the Company holding at the date of the deposit of the requisition in writing of:
- (i) Shareholders holding at the date of deposit of the requisition not less than one-third of the votes that may be cast by all of the issued share capital of the Company as at that date carries the right of voting at general meetings of the Company; or
- (ii) the holders of Class B Ordinary Shares entitled to cast 50% or more of the votes that all Class B Ordinary Shares are entitled to cast.
- (b) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.

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- (c) If the Directors do not within 21 days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said 21 days.
  - (d) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

#### **NOTICE OF GENERAL MEETINGS**

- 43. Unless all Shareholders agree to meet at short notice, at least five days' written notice shall be given of an annual general meeting or any other general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company.
- 44. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

- 45. No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The presence, in Person or by telephone, electronic or other means of communication, of Prenetics and the Founders are required to constitute the quorum for any general meeting.
- 46. A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) , including Prenetics and the Founders (who are not disqualified from voting non that resolution), shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. A copy of a written resolution passed in accordance with this Article must be provided to each of the Directors and Shareholders as soon as practicable.
- 47. If within thirty (30) minutes from the time stated in the notice of meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved and in any other case it shall stand adjourned to such other day and time, not less than five (5) days after the meeting, or such other place, as is specified in a further notice of meeting dispatched to all of the Shareholders. If at the adjourned meeting a quorum is not present within thirty (30) minutes from the time stated in the notice of meeting any two (2) Shareholders present shall be a quorum.
- 48. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting.
- 49. If at any general meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.



50. The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.
51. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded by the Chairman or any other Member present in person or by proxy.
52. Unless a poll be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's Minute Book containing the Minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
53. The demand for a poll may be withdrawn.
54. Except as provided in Article 52, if a poll is duly demanded it shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
55. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote.
56. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the general meeting directs and any business other than that upon which a poll has been demanded or is contingent thereon may be proceeded with pending the taking of the poll.

#### **VOTES OF MEMBERS**

57. Subject to any rights or restrictions for the time being attached to any class or classes of Shares, including in Articles 11(c)(iv) and 11(d), each Class A Ordinary Share shall be entitled to one (1) vote on all matters subject to a vote of the Shareholders, and each Class B Ordinary Share shall be entitled to twenty (20) votes on all matters subject to a vote of the Shareholders.
58. In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members.
59. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.

60. No Member shall be entitled to vote at any general meeting unless he is registered as a shareholder of the Company on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
61. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.
62. On a poll or on a show of hands votes may be given either personally or by proxy.

#### **PROXIES**

63. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised in that behalf. A proxy need not be a Member of the Company.
64. The instrument appointing a proxy shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting, or adjourned meeting provided that the Chairman of the Meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex, cable or telecopy confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company.
65. The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.
66. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the registered office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.
67. Any corporation which is a Member of record of the Company may in accordance with its constitutional document or in the absence of such provision by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member of record of the Company.
68. Shares of its own capital belonging to the Company or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.

#### **DIRECTORS**

69. (a) There shall be a Board of Directors consisting of not less than one or more than twelve persons (exclusive of alternate Directors) PROVIDED HOWEVER that the Company may from time to time by Ordinary Resolution increase or reduce the limits in the number of Directors. The first Directors of the Company shall be determined in writing by, or appointed by a resolution of, the subscribers of the Memorandum of Association or a majority of them.

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- (b) Subject to Article 100, each of Dennis Lo and Prenetics shall have the right to nominate to the Board:
- (i) three (3) Directors may be nominated by each of Dennis Lo and Prenetics, for so long as the Founders (in aggregate) or Prenetics (as the case may be) maintains no less than thirty-six percent (36%) shareholding in the Company on a fully diluted basis;
  - (ii) two (2) Directors may be nominated by each of Dennis Lo and Prenetics, for so long as the Founders (in aggregate) or Prenetics (as the case may be) maintains below thirty-six percent (36%) and no less than twenty-four percent (24%) shareholding in the Company on a fully diluted basis;
  - (iii) one (1) Director may be nominated by each of Dennis Lo and Prenetics, for so long as the Founders (in aggregate) or Prenetics (as the case may be) maintains below twenty-four percent (24%) and no less than twelve percent (12%) shareholding in the Company on a fully diluted basis;
  - (iv) for the avoidance of doubt, each of Dennis Lo and Prenetics shall not be entitled to nominate any Director when their respective shareholdings in the Company falls below twelve percent (12%) on a fully diluted basis; and
  - (v) for the purpose of this Article, the Founders' shareholding in the Company shall include any shares transferred by a Founder to his Permitted Transferee pursuant to a Permitted Transfer.
- (c) Subject to Article 100, where the number of Directors nominated by Dennis Lo is less than the total number of Directors nominated by Prenetics and other Shareholders, Dennis Lo shall have the right to nominate such number of additional Directors so as to maintain more than fifty percent (50%) of the votes of the Board.
- (d) Dennis Lo shall be the Chairperson of the Board as long as he is a Director, and he is entitled to a casting vote with respect to any matter submitted for resolution at any meeting of the Board and where the vote with respect to such matter is tied. In the event that Dennis Lo is not a Director, he shall nominate a replacement Chairperson, and the Board of Directors shall appoint such nominated Director as the Chairperson. The Chairperson shall preside as chairperson at every meeting of the Board of Directors. To the extent the Chairperson is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their members to be the chairperson of that meeting.
70. The remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine. Such remuneration shall be deemed to accrue from day to day. The Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

71. The Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.
72. A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
73. A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
74. A shareholding qualification for Directors may be fixed by the Company in general meeting, but unless and until so fixed no qualification shall be required.
75. A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
76. No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid PROVIDED HOWEVER that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him or the alternate Director appointed by him at or prior to its consideration and any vote thereon.
77. A general notice that a Director or alternate Director is a shareholder of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure under Article 76 and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

#### **ALTERNATE DIRECTORS**

78. Subject to the exception contained in Article 88, a Director who expects to be unable to attend Directors' Meetings because of absence, illness or otherwise may appoint any person to be an alternate Director to act in his stead and such appointee whilst he holds office as an alternate Director shall, in the event of absence therefrom of his appointor, be entitled to attend meetings of the Directors and to vote thereat and to do, in the place and stead of his appointor, any other act or thing which his appointor is permitted or required to do by virtue of his being a Director as if the alternate Director were the appointor, other than appointment of an alternate to himself, and he shall *ipso facto* vacate office if and when his appointor ceases to be a Director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the Director making the same.

## POWERS AND DUTIES OF DIRECTORS

79. Subject to Schedule A, the business, overall direction and management of the Company and the formulation of the policies to be applied to the Company and the business of the Company shall be managed by the Directors (or a sole Director if only one is appointed) who may pay all expenses incurred in promoting, registering and setting up the Company, and may exercise all such powers of the Company as are not, from time to time by the Statute, or by these Articles, or such regulations, being not inconsistent with the aforesaid, as may be prescribed by the Company in general meeting required to be exercised by the Company in general meeting PROVIDED HOWEVER that no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
80. Each Group Member shall not, and the Company shall procure that each Group Member not to, carry out any of the actions or matters listed below in this Article 80, and the board of directors of each Group Member shall not approve, ratify, or consent to any of the actions or matters listed below without the prior Supermajority Directors' Resolutions:
- (a) (budget and business plan) the approval and adoption of the budget and the business plan;
  - (b) (cessation of business or liquidation) any proposal to cease to carry on the business of the Group or to wind-up or dissolve the Company or to appoint a liquidator or administrator to the Company, or a Liquidation Transaction;
  - (c) (acquisition or disposals) any acquisition or disposal of any entity, business or business segment, through one or series of transactions, with an aggregate purchase price of over US\$500,000, whether by merger, amalgamation, share exchange, purchase of capital stock, purchase of all or substantially all of the applicable assets, consolidation or similar transactions
  - (d) (change of control) any merger, consolidation, amalgamation or any other transaction in which the Shareholders own less than a majority by voting power of the issued share capital of the surviving or acquiring entity;
  - (e) (change to Subsidiary) the establishment or dissolution of any Subsidiary, or adoption or alteration of its governing documents, board of directors, management structure or ownership; or the disposal of any securities of any Subsidiary;
  - (f) (change in equity structure) other than an issue of shares in accordance with the share option scheme referred to in the Share Subscription Agreement, any corporate action which alters the equity structure of any Group Member such as the issuing of new shares, the granting of an option to subscribe for shares except for in accordance with the share option scheme referred to in the Share Subscription Agreement, the redemption or repurchase of shares, the buy-back of shares or the reduction or conversion of capital, any increase or decrease in the number of issued shares, any combination, consolidation, subdivision or reclassification of the share capital of the Group Member;
  - (g) (encumbrances) the granting or creation of any Encumbrance over the assets or undertaking of the Company or any Group Member other than in the ordinary course of the business and with a value of more than US\$500,000;
  - (h) (listing) a public offering, including but not limited to an initial public offering or direct listing of the Shares or other securities of any Group Member in conjunction with the admission to trading on a stock exchange (excluding any subordinated debt offering) or merger with (or acquisition by) a special purpose acquisition vehicle already listed on a stock exchange or similar public offering, and for the avoidance of doubt, including a Qualified IPO;

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- (i) (disposition of intellectual property rights) any sale, lease, transfer, license (save for licenses entered into in the ordinary course of business) or other disposition of any of the intellectual property rights, including amendments of licensing agreements (other than in the ordinary course of business), among others, of any Group Members; and
  - (j) (share option schemes) other than the share option scheme referred to in the Share Subscription Agreement, the establishment or change of any scheme for the issue of shares or options of any Group Member to employees, consultants or officers of the Group and any retirement benefit or bonus or profit-sharing scheme for employees, consultants or officers of the Group.
81. The Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.
82. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.
83. The Directors shall cause minutes to be made in books provided for the purpose:
- (a) of all appointments of officers made by the Directors;
  - (b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Directors and of any committee of the Directors;
  - (c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.
84. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
85. Subject to Article 80, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
86. At such time as may be determined by the Board, the Company shall obtain and maintain directors' and officers' liability insurance in an amount and on other terms acceptable to the Board. The Company will promptly reimburse each Director for all reasonable out-of-pocket expenses incurred in connection with attending Board meetings. To the maximum extent permitted by the Statute, the Company shall indemnify and hold harmless each of its Directors.

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## MANAGEMENT

87. (a) The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- (b) The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents and may fix their remuneration.
- (c) The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
- (d) Any such delegates as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested in them.
- (e) The appointment of Danny Yeung as chief executive officer shall not be terminated unless a resolution is passed by four (4) out of five (5) Directors (which four (4) Directors shall include one (1) Director nominated by Prenetics), provided that Danny Yeung (if he is also a Director) shall abstain from voting on such resolution.

## MANAGING DIRECTORS

88. The Directors may, from time to time, appoint one or more of their body (but not an alternate Director) to the office of Managing Director for such term and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partly in another) as they may think fit but his appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a Director and no alternate Director appointed by him can act in his stead as a Director or Managing Director.
89. The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

## PROCEEDINGS OF DIRECTORS

90. Except as otherwise provided by these Articles, the Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors and alternate Directors present at a meeting at which there is a quorum, the vote of an alternate Director not being counted if his appointor be present at such meeting. In case of an equality of votes, the Chairman shall have a casting vote.

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91. A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time summon a meeting of the Directors by at least two days notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held and PROVIDED FURTHER if notice is given in person, by cable, telex or telecopy the same shall be deemed to have been given on the day it is delivered to the Directors or transmitting organisation as the case may be. The provisions of Article 44 shall apply *mutatis mutandis* with respect to notices of meetings of Directors.
  92. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be two, a Director and his appointed alternate Director being considered only one person for this purpose, PROVIDED ALWAYS that if there shall at any time be only a sole Director the quorum shall be one. For the purposes of this Article an alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.
  93. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
  94. The Directors may elect a Chairman of their Board and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
  95. The Directors may delegate any of their powers to committees consisting of such member or members of the Board of Directors (including Alternate Directors in the absence of their appointors) as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
  96. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the Chairman shall have a casting vote.
  97. All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.
  98. Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the members of a committee of Directors (an alternate Director being entitled to sign such resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee as the case may be duly convened and held.



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99. (a) A Director may be represented at any meetings of the Board of Directors by a proxy appointed by him in which event the presence or vote of the proxy shall for all purposes be deemed to be that of the Director.
- (b) The provisions of Articles 63-66 shall *mutatis mutandis* apply to the appointment of proxies by Directors.

#### **VACATION OF OFFICE OF DIRECTOR**

100. The office of a Director shall be vacated:
- (a) if he gives notice in writing to the Company that he resigns the office of Director;
- (b) if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the Board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office;
- (c) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (d) if he is found a lunatic or becomes of unsound mind.

#### **APPOINTMENT AND REMOVAL OF DIRECTORS**

101. Subject to Article 69, the Company may by Ordinary Resolution appoint any person to be a Director and may in like manner remove any Director and may in like manner appoint another person in his stead, except that:
- (a) subject to the Statute, a Director may only be removed, with or without cause, by the Shareholder who nominated such Director and such Shareholder may also replace any Director so removed, provided that any Director nominated by Prenetics may only be removed and replaced with the approval of Dennis Lo;
- (b) an appointment or removal under this Article 101, must be by written notice to the registered office of the Company, signed by a Director, a Shareholder or an officer of the Shareholder. The notice takes effect immediately on its receipt by the Company, or at a later time (not exceeding five (5) Business Days) specified in the notice; and
- (c) if a Shareholder wishes to appoint or remove a person as a Director pursuant to this Article 101, the other Shareholders must do whatever is reasonably necessary (including convening any Board meeting) to facilitate the appointment or removal of the person as a Director.
102. The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total amount of Directors (exclusive of alternate Directors) shall not at any time exceed the number fixed in accordance with these Articles.

## **PRESUMPTION OF ASSENT**

103. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

## **SEAL**

104. (a) The Company may, if the Directors so determine, have a Seal which shall, subject to paragraph (c) hereof, only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf and every instrument to which the Seal has been affixed shall be signed by one person who shall be either a Director or the Secretary or Secretary-Treasurer or some person appointed by the Directors for the purpose.
- (b) The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the Common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- (c) A Director, Secretary or other officer or representative or attorney may without further authority of the Directors affix the Seal of the Company over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.
- (d) A document to be executed as a Deed shall be executed by a Director or other person authorised by the Directors for that purpose.

## **OFFICERS**

105. The Company may have a President, a Secretary or Secretary-Treasurer appointed by the Directors who may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time prescribe.

## **DIVIDENDS, DISTRIBUTIONS AND RESERVE**

106. Subject to the Statute, the Directors may from time to time declare dividends (including interim dividends) and distributions on shares of the Company outstanding and authorise payment of the same out of the funds of the Company lawfully available therefore.
107. The Directors may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.
108. No dividend or distribution shall be payable except out of the profits of the Company, realised or unrealised, or out of the share premium account or as otherwise permitted by the Statute.

109. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of shares they shall be declared and paid according to the amounts paid or credited as paid on the shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.
110. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
111. The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
112. Any dividend, distribution, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.
113. No dividend or distribution shall bear interest against the Company.

#### **CAPITALISATION**

114. The Company may upon the recommendation of the Directors by Ordinary Resolution authorise the Directors to capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

#### **BOOKS OF ACCOUNT**

115. The Directors shall cause proper books of account to be kept with respect to:
  - (a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;

- (b) all sales and purchases of goods by the Company;
- (c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

- 116. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 117. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

#### **AUDIT**

- 118. The Company may at any annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the next annual general meeting and may fix his or their remuneration.
- 119. The Directors may before the first annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an Ordinary Resolution in general meeting in which case the Members at that meeting may appoint Auditors. The Directors may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Directors under this Article may be fixed by the Directors.
- 120. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
- 121. Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Directors or any general meeting of the Members, make a report on the accounts of the Company in general meeting during their tenure of office.

#### **NOTICES**

- 122. Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by post, cable, telex or telecopy to him or to his address as shown in the register of Members, such notice, if mailed, to be forwarded airmail if the address be outside the Cayman Islands.
- 123. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and to have been effected at the expiration of 60 hours after the letter containing the same is posted as aforesaid.

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- (b) Where a notice is sent by cable, telex, telecopy or electronic message, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organisation and to have been effected on the day the same is sent as aforesaid.
124. A notice may be given by the Company to the joint holders of record of a share by giving the notice to the joint holder first named on the register of Members in respect of the share.
125. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a Member by sending it through the post as aforesaid in a pre-paid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
126. Notice of every general meeting shall be given in any manner hereinbefore authorised to:
- (a) every person shown as a Member in the register of Members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of Members.
- (b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting; and
- No other person shall be entitled to receive notices of general meetings.

### **WINDING UP**

127. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.
128. If the Company shall be wound up, and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

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## **INDEMNITY**

129. The Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own wilful neglect or default respectively and no such Director, officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director, officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen through the wilful neglect or default of such Director, Officer or trustee.

## **FINANCIAL YEAR**

130. Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

## **AMENDMENTS OF ARTICLES**

131. Subject to the Statute, the Company may at any time and from time to time by Special Resolution alter or amend the Memorandum of Association and these Articles in whole or in part provided that:
- (a) there shall be no variation or waiver of the Memorandum of Association and these Articles or the charter documents of any Group Member, to the extent that such variation or waiver involves matters set out in the Shareholders' Agreement, without the approval of Prenetics and the Founders; and
  - (b) any variation of rights conferred by Securities of the Company that would result in a detrimental effect on the rights of the holders of such Securities shall be subject to the approval of the majority of the Shareholders in that class.

## **TRANSFER BY WAY OF CONTINUATION**

132. If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

## SCHEDULE A

The Shareholders shall, in addition to any other rights conferred on them under the Memorandum of Association and the Articles have the rights set out in this Schedule A, which forms part of the Articles. In the event of any inconsistency between the provisions set out herein and other provisions of the Memorandum of Association and the Articles, the provisions set out in this Schedule A shall prevail to the extent permitted by applicable laws.

### Section 1

#### FURTHER ISSUE OF SHARES

##### 1.1 Notice of Issue to be given

Each of the Founders and Prenetics and any assignee to which rights under this Section 1 of Schedule A have been duly assigned in accordance with these Articles and Schedule A (each of such Shareholders and any such assignee being hereinafter referred to as a “**Participation Rights Holder**”) shall have a participation right to purchase a Respective Proportion of all or any part of the new Shares that the Company may from time to time issue after the date of these Articles and Schedule A (the “**Right of Participation**”). Subject to Section 1.8 of Schedule A, if the Company proposes to issue New Shares, the Company shall give a Notice of Issue to each Participation Rights Holder, specifying:

- (a) the total number of New Shares to be offered;
- (b) the number of New Shares for which each Participation Rights Holder is entitled to subscribe, being its Respective Proportion of the total number of new Shares specified;
- (c) the issue price of each New Share;
- (d) the date by which the offer of New Shares must be accepted; and
- (e) the date for subscription, and any other terms of the offer of the new Shares.

For the avoidance of doubt, a Participation Rights Holder’s “Respective Proportion” under this Section 1 of Schedule A is the ratio of (i) the number of outstanding Shares (on an as converted basis) held by such Participation Rights Holder, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Participation Rights Holders, immediately prior to the issuance of New Shares giving rise to the Right of Participation.

##### 1.2 Issue Price

The issue price of any New Share is:

- (a) a price per New Share agreed and approved by the Directors;
- (b) failing agreement, to be determined in accordance with Section 5 of Schedule A as if the New Shares were Sale Shares.

##### 1.3 Notice of acceptance

Within ten (10) Business Days of receipt of a Notice of Issue, a Participation Rights Holder who wants to take up all or part of its entitlement to the New Shares must give a notice of acceptance to the Company specifying:

- (a) the number of New Shares that the Participation Rights Holder wants to take up; and

- (b) the number or value (if any) of New Shares in excess of the Participation Rights Holder's entitlement, for which the Shareholder would be prepared to subscribe.

#### 1.4 Failure to give a notice of acceptance

If a Participation Rights Holder fails to give a notice of acceptance within the period stated in Section 1.3 of Schedule A, it is taken to have waived its right to participate in that issue of New Shares.

#### 1.5 Allocation of Declined Shares

If a Participation Rights Holder does not take up all of its entitlement to New Shares offered under Section 1.1 of Schedule A, then the Declined Shares must be offered (on the same terms as specified in the relevant Notice of Issue) firstly to those Participation Rights Holders who have offered to take up New Shares additional to their entitlements in their Respective Proportions. The process is to be repeated in respect of any remaining Declined Shares until all of the Declined Shares are taken up, or until no Participation Rights Holder accepts an offer to take up further Declined Shares.

#### 1.6 Issue of remaining Declined Shares to third parties

Subject to compliance with Section 1.5 of Schedule A, if the Participation Rights Holders do not take up all of the Declined Shares, the Company may, during the period of five (5) Business Days following completion of the offers of New Shares under Section 1.5 of Schedule A, issue the remaining Declined Shares to any third parties the Directors determine, on terms no less favourable than were offered to the Shareholders. In the event that the Company has not issued and sold such Declined Shares within such prescribed period, then the Company shall not thereafter issue or sell any New Shares without first offering such New Shares to the Participation Rights Holders pursuant to Section 1 of Schedule A.

#### 1.7 Issue of other Securities

The right of first refusal under Section 1 of Schedule A also applies to a proposed issue of any other Securities by the Company, subject to Section 1.8 of Schedule A.

#### 1.8 Excluded issues

The right of first refusal under Section 1 of Schedule A does not apply to any of the following:

- (a) **(employee share options)** Securities issued to employees, Directors or consultants of the Company under any employee option schemes of the Company ("**Employee Option Scheme**");
- (b) **(shares issued under the Subscription Agreement)** Shares issued or issuable pursuant to the Share Subscription Agreement;
- (c) **(acquisitions)** Securities issued as payment for an acquisition of a property, business or asset by the Company or in connection with a joint venture, marketing, distribution or technology transfer or development arrangement;
- (d) **(capital structure)** Securities issued in connection with any Share split, dividend or recapitalisation by the Company, in which all Participation Rights Holders are entitled to participate on a pro rata basis, or on conversion of any convertible Securities outstanding as of the date of the Shareholders' Agreement; or
- (e) **(Qualified IPO)** Securities issued under a Qualified IPO,

provided that such issues of Securities, other than Shares issued or issuable pursuant to Section 1.8(b) and (d) of Schedule As, are approved by a Supermajority Directors' Resolution.



## **1.9 Registration of Shareholding**

A person must not be registered as the holder of any New Shares or Declined Shares unless the person is a party to the Shareholders' Agreement or has entered into an accession agreement (in a form as agreed among the Shareholders in writing) with the Company.

## **Section 2**

### **DEALING WITH SHARES**

#### **2.1 Transfers of Shares**

No Shareholders may Transfer any of its Shares without the prior written consent of the other Shareholders except:

- (a) any transfer to the ancestors, descendants or spouse of a Shareholder or to trusts, either during his lifetime or on death, or an Affiliate of a Shareholder, or any transmission or testamentary bequests of a Shareholder;
- (c) in accordance with Section 3 of Schedule A;
- (d) if required to do so under Section 4 of Schedule A;
- (e) in accordance with Section 8 of Schedule A; or
- (f) in connection with a Liquidation Transaction.

The restrictions under Section 2.1 of Schedule A do not apply to a Transfer as part of a Qualified IPO, provided that such Transfer is approved by a Supermajority Directors' Resolution.

#### **2.2 Accession Agreement**

A person may not be registered as the holder of Shares acquired on a Transfer of Shares unless the person is a party to the Shareholders' Agreement or has entered into an accession agreement (a form as agreed among the Shareholders and the Company) with the Company.

#### **2.3 No Encumbrances over Shares without consent**

A Shareholder may not create an Encumbrance over any of its Shares without the consent of the Founders which consent may be withheld in the absolute discretion of the Founders.

#### **2.4 Holder of Encumbrance bound**

The holder of an Encumbrance over Shares must:

- (a) undertake to the Shareholders not to Transfer any Shares unless that person complies with Section 3 of Schedule A; and
- (b) acknowledge that those Shares are subject to Transfer under a Drag Along Notice, and will be released from the Encumbrance to enable completion of the Transfer of those Shares under that Drag Along Notice.

## Section 3

### PRE-EMPTIVE RIGHTS AND OTHER TRANSFERS OF SHARES

#### 3.1 Pre-emptive rights

If a Seller proposes to Transfer any Sale Shares held by it, in accordance with a binding offer received from a Purchaser in respect of those Sale Shares (“**Third Party Offer**”) other than by a Permitted Transfer, it must first give a Transfer Notice to each other Shareholder (other than those Shareholders who obtain all of their Shares pursuant to an Employee Option Scheme) (each an “**Offeree**”).

#### 3.2 Transfer Notice

A Transfer Notice must:

- (a) state:
  - (i) the total number of Sale Shares and the number of Sale Shares being offered to each Offeree, being the Offeree’s Respective Proportion of the Sale Shares;
  - (ii) the Sale Price which is to be the price set out in the Third Party Offer, and any other terms of the proposed Transfer which may not be more favourable to the Seller than the terms of the Third Party Offer;
  - (iii) the Offer Period, which (unless otherwise agreed) must be at least fifteen (15) days but not more than thirty (30) days;
  - (iv) Unless otherwise agreed, the settlement date for completion of the sale must take place within thirty (30) days after the day when all of the Offer Periods have expired under Sections 3.2 to 3.5 of Schedule A, and will be conditional on all of the Sale Shares being accepted Sections 3.2 to 3.5 of Schedule A during the Offer Period; and
  - (v) if applicable, the name of any proposed Transferee of the Sale Shares who is not an existing Shareholder; and
- (b) attach a written copy or an electronic copy of the Third Party Offer.

For the avoidance of doubt, An Offeree’s “Respective Proportion” under Section 3.2 of Schedule A is the ratio of (i) the number of outstanding Shares (on an as converted basis) held by such Offeree on the date of the Transfer Notice, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Offerees on the date of the Transfer Notice.

#### 3.3 Re-offer of Unaccepted Shares

If an Offeree does not accept an Initial Offer of Sale Shares in a Transfer Notice within the Offer Period, or accepts that offer but in relation to a lesser number of Shares, then the remaining Sale Shares must be offered immediately upon termination of the Offer Period by a Shortfall Offer to those Offerees which have offered to take up their Respective Proportion of the Sale Shares (“**Accepting Shareholders**”). If there is more than one Accepting Shareholder, each Accepting Shareholder will be offered its Respective Proportion of the Unaccepted Shares. For the avoidance of doubt, an Accepting Shareholder’s “Respective Proportion” under this Sections 3.3 and 3.4 of Schedule A is the ratio of (i) the number of outstanding Shares (on an as converted basis) held by such Accepting Shareholder on the date of the Transfer Notice, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Accepting Shareholders on the date of the Transfer Notice.

### 3.4 Shortfall Offer

A shortfall offer (“**Shortfall Offer**”) is an offer of Unaccepted Shares:

- (a) to Accepting Shareholders in their Respective Proportions; and
- (b) on the same terms as in the Initial Offer, except that the Offer Period is ten (10) days only.

### 3.5 Further offers

If any of the Accepting Shareholders have not accepted a Shortfall Offer in full within ten (10) days after service of the Shortfall Offer, the Seller must:

- (a) repeat the procedure in Section 3.3 of Schedule A by making a further Shortfall Offer; and
- (b) if required, make further Shortfall Offers of the Unaccepted Shares remaining at the expiration of each Shortfall Offer until a Shortfall Offer is not accepted by any Accepting Shareholder,

provided that no further Shortfall Offers are to be made after sixty (60) days from the giving of the Initial Offers.

## Section 4

### SHAREHOLDER DEFAULT

#### 4.1 Defaulting Shareholder

A Shareholder becomes a Defaulting Shareholder if:

- (a) (**winding up**) an order is made or an effective resolution is passed for the winding up or dissolution without winding up of that Shareholder (otherwise than for the purposes of reconstruction or amalgamation) and remains in effect for a continuous period of thirty (30) days;
- (b) (**insolvency**) it[he] becomes insolvent [or bankrupt (as applicable)];
- (c) (**receiver**) a Receiver, judicial manager, liquidator, official manager or similar official is appointed over the whole or a substantial part of the undertaking or property of the Shareholder and the appointment remains in effect for a continuous period of thirty (30) days;
- (d) (**Encumbrance enforced**) a holder of an Encumbrance takes possession of the whole or a substantial part of the undertaking and property of the Shareholder and remains in possession for a continuous period of thirty (30) days.

#### 4.2 Defaulting Shareholder Transfer Notice

A Defaulting Shareholder is taken to have given a Transfer Notice to the other Shareholders who are not an Affiliate or Representative of the Defaulting Shareholder (“**Unrelated Shareholders**”) on the date it becomes a Defaulting Shareholder on the following terms:

- (a) the number of Sale Shares is all of the Defaulting Shareholder’s Shares;
- (b) the Sale Price is the price agreed between the Defaulting Shareholder and the Unrelated Shareholders or failing agreement within thirty (30) days of becoming a Defaulting Shareholder, fifty percent (50%) of the Fair Market Value of the Sale Shares;

- (c) the Offer Period is ninety (90) days from the date of becoming a Defaulting Shareholder (or, if the Fair Market Value of the Sale Shares must be determined under Section 5 of Schedule A, ten (10) days after it is so determined, if later);
- (d) the Unrelated Shareholders may exercise the option to take up the Sale Shares by giving notice to the Defaulting Shareholder; and
- (e) the settlement date for completion of the sale is thirty (30) days after the last day of the Offer Period (or, if the Fair Market Value of the Sale Shares must be determined under Section 5 of Schedule A, thirty (30) days after it is so determined, if later) at which time all accepted Sale Shares will be sold.

If not all of the Sale Shares are sold under this process, then Sections 4.3 to 4.5 of Schedule A apply with necessary changes.

#### **4.3 Sale of remaining Unaccepted Shares to third parties**

If the Unrelated Shareholders do not take up all of the Sale Shares, the Defaulting Shareholder may, during the period of thirty (30) days following completion of the Sale Shares under Section 4 of Schedule A, sell the remaining Unaccepted Shares to any third parties the Directors determine, on terms no more favourable than those offered in the Transfer Notice. If a third party buyer is not found, the remaining Unaccepted Shares are to be cancelled.

#### **4.4 Other shareholders**

Section 4.2 of Schedule A does not apply to any other Shareholder who is an Affiliate or Representative of the Defaulting Shareholder.

#### **4.5 Suspension of rights**

If a Defaulting Shareholder is taken to have given a Transfer Notice under Section 4.2 of Schedule A, then from the date of the Transfer Notice:

- (a) all rights attaching to Shares held by the Defaulting Shareholder are suspended; and
- (b) any Director appointed by the Defaulting Shareholder is taken to have been removed by the Defaulting Shareholder and any Director appointment rights suspended.

Each of the suspensions referred to above continues in respect of any Shares held by the Defaulting Shareholder until such time as the Shares are cancelled or sold to another Shareholder or other person with the prior written approval of the Unrelated Shareholders.

### **Section 5**

#### **FAIR MARKET VALUE OF SALE SHARES**

##### **1.1 Appointment of valuer**

If Schedule A requires the valuation of a New Share under Section 1.2 of Schedule A and a Sale Share under Section 4.2(b) of Schedule A or otherwise:

- (a) the Shareholders must within fifteen (15) Business Days of the date on which the need for valuation arises appoint a member of the Hong Kong Institute of Chartered Public Accountants of at least five (5) years' standing as a valuer;

- (b) the valuer is to be instructed to determine, within thirty (30) Business Days after being appointed (or such other time specified in Schedule A), the Fair Market Value of each New Share or Sale Share (as applicable);
- (c) the valuer is to be instructed to determine a specific value rather than a range of values; and
- (d) the valuer acts as an expert and not as an arbitrator in conducting valuations.

## 1.2 Process for valuation

- (a) In determining Fair Market Value the valuer is to be instructed to conduct the valuation:
  - (i) in accordance with valuation standards, practices and principles generally accepted in Hong Kong;
  - (ii) with regard to the profit, strategic positioning, future prospects and undertaking of the Group;
  - (iii) on the basis of an ongoing, fully funded business;
  - (iv) on the basis that all contracts between the Group and all members of a Shareholder's group remain in force in accordance with their terms;
  - (v) on the basis of an arm's length transaction between an informed and willing seller and an informed and willing buyer under no compulsion to sell or buy, respectively, and without taking into account any restriction on the transfer of the New Shares or Sale Shares (as applicable) under Schedule A;
  - (vi) if the Shareholder whose stake is being valued is an existing Shareholder, having regard to the fact that the Shareholder will cease to be a member of the Company;
  - (vii) if the subject matter of the valuation is a minority stake, having regard to the fact that it is a minority stake;
  - (viii) having regard to the following valuation methodologies:
    - (A) comparable companies;
    - (B) precedent transactions; and
    - (C) discounted forecast cashflows;
  - (ix) subject to the above, on any basis that it considers appropriate.
- (b) The Shareholders agree that the Fair Market Value determined by the valuer in accordance Section 5.2 of Schedule A is to constitute the Issue Price for the New Shares under Section 1.2(b) of Schedule A or the Sale Price of the Sale Shares under Section 4.2(b) of Schedule A unless a Shareholder gives notice, not later than ten (10) Business Days after the date of the valuer's determination, that it disputes the Fair Market Value so determined.
- (c) If notice is given as contemplated by Section 5.2(b) of Schedule A, the Shareholders must appoint a second valuer in accordance with Section 5.1 of Schedule A, who is to be instructed to perform a second valuation of Sale Shares in accordance with Section 5.2 of Schedule A.

- (d) The Fair Market Value for Issue Price for the New Shares under Section 1.2(b) of Schedule A or the Sale Price for the Sale Shares under Section 4.2(b) of Schedule A is to be the average of the values determined by the first and second valuers.

### **1.3 Valuation binding**

The valuation conducted by the valuer or, if a second valuation is performed in accordance with Section 5.2 of Schedule A, the Fair Market Value determined under Section 5.2(d) of Schedule A, is conclusive and binding on the Shareholders in the absence of manifest error.

### **1.4 Cost of valuer**

The costs of the valuer in connection with the valuation are to be borne by the Company to the extent permitted by the Statute.

## **Section 6**

### **COMPLETION OF SHARE OR OTHER SECURITIES TRANSFERS**

#### **6.1 Application of the section**

Section 6 of Schedule A applies in relation to any Transfer of Shares or other Securities to a Shareholder under Section 3, Section 4 or Section 7 of Schedule A.

#### **6.2 Binding agreement**

Where Section 6 of Schedule A applies in respect of Shares or other Securities, at the Relevant Time an unconditional, irrevocable, valid and binding agreement for the sale and purchase of those Shares or other Securities (as applicable) and a binding agreement to transfer, free of any Encumbrance, the legal and beneficial ownership of the Shares or other Securities (as applicable) arise between the Transferor and the Transferee, subject only to the payment of the Sale Price and satisfaction of any conditions (including any relevant conditions necessary for compliance with applicable legal and regulatory requirements of Hong Kong) relating to the relevant offer or Transfer of the Shares or other Securities (as applicable).

#### **6.3 Relevant time**

The "Relevant Time" for the purposes of Section 6.2 of Schedule A is the date on which an Offer or Shortfall Offer is accepted by:

- (a) the Purchaser, in the case of Section 3 and Section 7 of Schedule A; and
- (b) an Unrelated Shareholder or a third party (as applicable), in the case of Section 4 of Schedule A.

#### **6.4 Consent to Transfer**

Each Transfer of Shares or other Securities (as applicable) to which Section 6 of Schedule A applies, shall be completed in the manner contemplated by this section.

#### **6.5 Procedure for completion**

At the time of completion of a Transfer of Shares or other Securities (as applicable) to which Section 6 of Schedule A applies:

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- (a) the Transferor must give to the Transferee:
    - (i) a transfer form in favour of the Transferee of all Shares or other Securities (as applicable) sold, executed by the Transferor;
    - (ii) certificates for those Shares or other Securities (as applicable) or a statutory declaration in the case of a lost certificate; and
  - (b) the Transferee must give to the Transferor (or to an attorney appointed or deemed to be appointed to act on behalf of the Transferor under Section 6.6 of Schedule A) a bank cheque for the Sale Price,

#### 6.6 Power of attorney

In consideration of each other Shareholder entering into this Agreement, the Transferor irrevocably appoints:

- (a) the Transferee; or
- (b) if the Transferee is a company, each director for the time being of that Transferee,

to be its attorney for the purposes of executing and delivering to the Transferee, in the name of the Shareholder and on its behalf, all documents required to be executed and delivered by that Shareholder as Transferor under Section 6.5(a) of Schedule A.

#### 6.7 Registration of transfer

The Company must register each transfer of Shares or other Securities (as applicable) to which section 6 of Schedule A applies.

### Section 7

#### TAG ALONG RIGHTS

##### 7.1 Invitation to Tag Along

In the event any Offeree fails to exercise its rights to purchase all of the Sale Shares proposed to be transferred by the Seller in accordance with Section 3 of Schedule A, following the exercise or expiration of the rights of purchase set forth in Section 3 of Schedule A, then the Seller shall give an Invitation to Tag Along to each Shareholder not exercising its rights under Section 3 of Schedule A (each, "**Tag Along Shareholder**"). The provisions under Section 7 of Schedule A shall terminate upon the closing of a Qualified IPO.

The Invitation to Tag Along must state:

- (a) the identity of the Sellers;
- (b) the identity of the Purchaser;
- (c) the number of Shares proposed to be sold by the Sellers in accordance with this Agreement;
- (d) the Sale Price and any other terms of the proposed Transfer by the Sellers to the Purchaser;
- (e) that the Tag Along Shareholder has an option ("**Tag Along Option**") to direct the Sellers to include in any sale to the Purchaser such Respective Proportion of each Tag Along Shareholder's Shares as that Tag Along Shareholder may direct, on the same terms;

- (f) the period during which the Tag Along Option must be open for acceptance, which (unless otherwise agreed) may be not less than thirty (30) days; and
- (g) the settlement date for completion of the sale if the Tag Along Option is accepted, which (unless otherwise agreed) must be not less than ten (10) and not more than thirty (30) days after the last date for exercise of the Tag Along Option.

For the avoidance of doubt, a Tag Along Shareholder's "Respective Proportion" under Section 7 of Schedule A is the ratio of (i) the number of outstanding Shares (on an as converted basis) then held by such Tag Along Shareholder, to (ii) the total number of outstanding Shares (on an as-converted basis) held by all Tag Along Shareholders exercising Tag Along Option pursuant to Section 7 of Schedule A and the Sellers (excluding shares purchased by the Offerees pursuant to Section 3 of Schedule A.

## 7.2 Exercise of Tag Along Option

- (a) A Tag Along Option may be exercised by notice in writing to the Sellers, given within the period stated in the Invitation to Tag Along.
- (b) If a Tag Along Shareholder exercises its Tag Along Option, then the Sellers must not sell their Shares to the Purchaser unless the Purchaser, at the same time, buys the relevant number of Shares directed by each Tag Along Shareholder at the same price, and on the same terms.
- (c) Each Tag Along Shareholder shall effect its participation in the sale by promptly delivering to such Sellers, with a copy to the Company, for transfer to the prospective Purchaser share certificates in respect of all Shares to be sold by such Tag Along Shareholder and a transfer form signed by such Tag Along Shareholder, which indicates:
  - (i) the number of Class A Ordinary Shares which such Tag Along Shareholder elects to sell;
  - (ii) the number of Class B Ordinary Shares which such Tag Along Shareholder elects to sell; or
  - (iii) any combination of the foregoing.

For the avoidance of doubt, any proposed transfer of Shares in respect of the exercise of Tag Along Option pursuant to Section 7 of Schedule A shall not be subject to the rights of first refusal by the Company pursuant to Section 3 of Schedule A.

- (d) The share certificate or certificates that a Tag Along Shareholder delivers pursuant to Section 7 of Schedule A shall be cancelled, the register of members shall be updated and the new shares certificates shall be issued to the Purchaser in consummation of the sale of the Shares of a Tag Along Shareholder pursuant to the terms and conditions specified in the Transfer Notice, in each case as soon as reasonably practicable and payment shall be made against the delivery of such share certificate or certificates for cancellation and receipt of executed transfer instruments, and the Sellers shall cause the Purchaser to remit to such Tag Along Shareholder that portion of the sale proceeds to which such Tag Along Shareholder is entitled by reason of its participation in such sale. In selling their Shares pursuant to their Tag Along Option hereunder, the Tag Along Shareholders shall not be required to give any representations or warranties with respect to their Shares to be sold except to confirm that they have valid title and have not transferred or encumbered such Shares.



### 7.3 Transfer to a Purchaser

If:

- (a) the procedures in Sections 3.1 to 3.5 of Schedule A are followed;
- (b) the procedures in Section 7 of Schedule A are followed; and
- (c) there are Unaccepted Shares, ninety (90) days after the giving of the Initial Offers,

then the Seller may effect a Transfer of the Sale Shares covered by the Transfer Notice to the Purchaser to the extent not already purchased or sold (or elected to be purchased or sold), as applicable, pursuant to Sections 3 and 7 of Schedule A, provided such Transfer shall be on terms and conditions not more favourable (including the purchase price) to the Purchaser than those described in the Transfer Notices; provided, further, that no Sale Shares shall be transferred unless such transfer is made in compliance with the terms of this Agreement and applicable laws. Any proposed Transfer on terms and conditions more favourable to the Purchaser than those described in the applicable Transfer Notice, as well as any proposed Transfer not consummated within the foregoing period, shall again be subject to the procedures described in Sections 3 and 7 of Schedule A.

### 7.4 Transfer of other Securities

Sections 3 and 7 of Schedule A apply equally to a proposed transfer of other Securities (which are not Shares) issued by the Company.

## Section 8

### DRAG ALONG RIGHTS

#### 8.1 Drag Along Notice

If, prior to the closing of a Qualified IPO, the holders of more than fifty percent (50%) of all then issued and outstanding share capital of the Company (on an as converted basis, the “**Requisite Shareholders**”) vote in favour of, otherwise consent in writing to, and/or otherwise agree in writing, approve a sale of the Company, whether by means of a merger, consolidation or other similar transaction or the sale of Shares or the sale of all or substantially all of the assets in any transaction (or series of related transactions) the closing of which would qualify as a Liquidation Transaction (a “**Change of Control**”), and provided that the valuation of the Company in the sale is US\$300,000,00 million or more, the Company may give a Drag Along Notice to the other Shareholders (each a “**Minority Shareholder**”).

The Drag Along Notice must state:

- (a) the identity of the Sellers;
- (b) the identity of the Purchaser;
- (c) the percentage of the total number of issued Shares being sold by the Sellers;
- (d) the Sale Price and any other terms of the proposed Transfer by the Sellers to the Purchaser;
- (e) that the Sellers requires each Minority Shareholder to sell all of its Shares to the Purchaser at the Sale Price and on the same terms as the Sellers are selling (except that Minority Shareholders must not be required to give any warranties to the Purchaser, other than a warranty as to their clear title to the Shares held by them and their authority to enter into an agreement to sell the Shares); and
- (f) the settlement date for completion of the sale, which (unless otherwise agreed) must be not less than ten (10) and not more than forty-five (45) days after the Drag Along Notice is given.

## **8.2 Effect of Drag Along Notice**

If a Drag Along Notice is given, then the Minority Shareholders shall, in accordance with Drag Along Notice received from the Company, vote all of its voting securities of the Company in favour of, otherwise consent in writing to, and/or otherwise sell or transfer all of its shares in such Change of Control (including without limitation tendering original share certificates for transfer, signing and delivering share transfer certificates, share sale or exchange agreements, and certificates of indemnity relating to any shares in the capital of the Company in the event that such Shareholder has lost or misplaced the relevant share certificate) on the same terms and conditions as were agreed to by the Requisite Shareholders.

## **8.2 Non-application of other rights**

For the avoidance of doubt, the pre-emptive right and tag along right pursuant to Sections 3 and 7 of Schedule A shall not apply in respect of the Transfer of Shares (if applicable) in respect of a Change of Control duly approved by the Requisite Shareholders pursuant to Section 8 of Schedule A.

## **Section 9**

### **LIQUIDATION PREFERENCE**

Upon the occurrence of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or the consummation of any Liquidation Transaction, the assets of the Company available for distribution (after satisfaction of statutory claims and indebtedness) shall be distributed in the following order:

- (a) Before any distribution or payment shall be made to the holders of any other Shares and any other equity security of the Company, Prenetics shall be entitled to receive an amount equal to the sum of (i) one hundred percent (100%) of the Original Share Price of the Original Prenetics Shares then still held by Prenetics (subject to adjustment for any share split or consolidation with respect to the number of Original Prenetics Shares, and the Original Share Price shall be adjusted accordingly), plus (ii) any dividends declared and unpaid per share with respect to the Shares then held by Prenetics. If, upon any such liquidation, dissolution or winding up, or such Liquidation Transaction, the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all the Shares held by Prenetics, then Prenetics shall be entitled to receive all assets of the Company available for distribution.
- (b) If there are assets of the Company available for distribution after payment in full of the liquidation preference referred to in Section 9(a) of Schedule A, the remaining assets of the Company available for distribution to the Shareholders shall be distributed proportionally among the other holders of Shares except Prenetics (unless Prenetics shall elect not to receive any payment pursuant to Section 9(a) of Schedule A above).







**Consent of Independent Registered Public Accounting Firm**

We consent to the use of our report dated May 1, 2023, with respect to the consolidated financial statements of Prenetics Global Limited, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG

Hong Kong

July 6, 2023



### **Consent of Independent Auditors**

We consent to the use of our report dated May 1, 2023, with respect to the consolidated financial statements of ACT Genomics Holdings Company Limited, included herein in the post-effective amendment No. 4 to registration statement (No. 333-265284) on Form F-1 of Prenetics Global Limited.

/s/ KPMG

Hong Kong

July 6, 2023