



IntelliCentrics Global Holdings Ltd. 中智全球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6819



Global Offering

Sole Sponsor



A CITIC Securities
Company

Joint Global Coordinators



A CITIC Securities
Company



Joint Bookrunners and Joint Lead Managers



A CITIC Securities
Company



IMPORTANT

IMPORTANT: If you are in any doubt about this prospectus, you should obtain independent professional advice.



IntelliCentrics Global Holdings Ltd.

中智全球控股有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	: 80,900,000 Shares (subject to the Over-Allotment Option)
Number of International Offer Shares	: 72,810,000 Shares (subject to reallocation and the Over-Allotment Option)
Number of Hong Kong Public Offer Shares	: 8,090,000 Shares (subject to reallocation)
Maximum Offer Price	: HK\$7.19 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: US\$0.0001 per Share
Stock code	: 6819

Sole Sponsor



Joint Global Coordinators



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Please see "Risk Factors" in this prospectus for a discussion of certain risks that you should consider before investing in the Shares. The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, March 21, 2019 and, in any event, not later than Monday, March 25, 2019. The Offer Price will be not more than HK\$7.19 and is currently expected to be not less than HK\$5.32, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Monday, March 25, 2019 between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Public Offer Shares must pay, on application, the maximum Offer Price of HK\$7.19 for each Offer Share, together with a 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee, subject to refund if the Offer Price should be lower than HK\$7.19 as finally determined.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicated Offer Price range will be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese), and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.intellicentrics-global.com. Further details are set forth in the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applications for the subscription for, the Hong Kong Public Offer Shares, are subject to termination by CLSA Limited (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set forth in the section entitled "Underwriting." It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S.

March 18, 2019

EXPECTED TIMETABLE⁽¹⁾

Latest time for completing electronic applications
under **White Form eIPO** service through
the designated website www.eipo.com.hk⁽²⁾ 11:30 a.m. on Thursday, March 21, 2019

Application lists open⁽³⁾ 11:45 a.m. on Thursday, March 21, 2019

Latest time for lodging **WHITE** and **YELLOW**
Application Forms 12:00 noon on Thursday, March 21, 2019

Latest time for completing payment of **WHITE Form eIPO**
applications by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Thursday, March 21, 2019

Latest time for giving **electronic application**
instructions to HKSCC⁽³⁾ 12:00 noon on Thursday, March 21, 2019

Application lists close⁽⁴⁾ 12:00 noon on Thursday, March 21, 2019

Expected Price Determination Date⁽⁵⁾ Thursday, March 21, 2019

(1) Announcement of the Offer Price, the level
of indications of interest in the International Offering,
the level of applications in the Hong Kong Public Offering
and the basis of allocation of the Hong Kong Public Offer Shares
under the Hong Kong Public Offering to be published
in the South China Morning Post (in English) and
the Hong Kong Economic Times (in Chinese)
on or before Tuesday, March 26, 2019

(2) Results of allocations in the Hong Kong Public Offering
(with successful applicants' identification document numbers,
where appropriate) to be available through a variety
of channels as described in the section headed
"How to Apply for Hong Kong Public Offer Shares —
11. Publication of Results" in this prospectus Tuesday, March 26, 2019

(3) A full announcement of the Hong Kong Public Offering
containing (1) and (2) above to be published
on the website of the Hong Kong Stock Exchange
at www.hkexnews.hk and our Company's website
at www.intellicentrics-global.com⁽⁶⁾ from Tuesday, March 26, 2019

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with

a “search by ID” function from Tuesday, March 26, 2019

Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁷⁾⁽⁹⁾ Tuesday, March 26, 2019

Dispatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before⁽⁸⁾⁽⁹⁾ Tuesday, March 26, 2019

Dealings in the Shares on the Hong Kong Stock Exchange expected to commence on Wednesday, March 27, 2019

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for Hong Kong Public Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
- (4) If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, March 21, 2019, the application lists will not open or close on that day. See “How to Apply for Hong Kong Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (5) The Price Determination Date is expected to be on or around Thursday, March 21, 2019 and, in any event, not later than Monday, March 25, 2019. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us by Monday, March 25, 2019, the Global Offering will not proceed and will lapse.
- (6) None of the website or any of the information contained on the website forms part of this prospectus.
- (7) Share certificates will only become valid at 8:00 a.m. on Wednesday, March 27, 2019 provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting — Underwriting Arrangements and Expenses — the Hong Kong Public Offering — Grounds for Termination” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

EXPECTED TIMETABLE⁽¹⁾

- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (9) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, March 26, 2019 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Public Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Public Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC" in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Public Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Public Offer Shares-13. Refund of Application Monies" and "How to Apply for Hong Kong Public Offer Shares-14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Public Offer Shares.

CONTENTS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Public Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager and the Underwriters, any of their respective directors or any other person or party involved in the Global Offering.

	<i>Page</i>
Expected Timetable	i
Contents	iv
Summary	1
Definitions	16
Glossary of Technical Terms	28
Forward-Looking Statements	30
Risk Factors	32
Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance	60
Information about This Prospectus and the Global Offering	68
Directors and Parties Involved in the Global Offering	71
Corporate Information	75

CONTENTS

	<i>Page</i>
Industry Overview	77
Regulation	90
History, Reorganization and Development	119
Business	137
Relationship with our Controlling Shareholders	190
Directors and Senior Management	193
Substantial Shareholders	205
Share Capital	206
Financial Information	208
Future Plans and Use of Proceeds	255
Underwriting	258
Structure of the Global Offering	269
How to Apply for Hong Kong Public Offer Shares	278
Appendices	
Appendix I — Accountant's Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Unaudited Preliminary Financial Information for the Year Ended December 31, 2018	III-1
Appendix IV — Summary of the Articles of Association and the Cayman Companies Law	IV-1
Appendix V — Statutory and General Information	V-1
Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection	VI-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

OVERVIEW

We operate a credentialing platform for compliance and security purposes in the healthcare industry and we are a leading platform in the vendor credentialing market in the United States in terms of both the number of paying subscribers and vendor credentialing revenue in 2017, according to CIC. Our platform collects, processes and verifies data and information in accordance with the different requirements of locations of care (“LoCs”), including hospitals and other types of locations where healthcare services are provided, so that the data and information can be trusted to determine whether the subscriber is compliant with the requirements.

We currently offer two main services: vendor credentialing solution and medical credentialing solution on our platform. We also offer certain “add-on” services. During the Track Record Period, approximately 95% of our total revenue each year was generated from annual membership fees received from our paying subscribers for our vendor credentialing solution, whose profitability remained stable in each year during the Track Record Period. We launched our medical credentialing solution in March 2018 and have been growing the LoC base and paying subscriber base of this solution ever since. In connection with this, we made significant investments in research and development as well as sales and marketing for medical credentialing in 2017 and 2018, which negatively affected our overall net profit in 2018. Although in the ten months ended October 31, 2018, revenue generated from our medical credentialing solution was insignificant, we had over 800 LoCs adopting our medical credentialing solution as of January 31, 2019, and expect its revenue and profit contribution to grow over time as we fully ramp up this solution.

What is Credentialing

Healthcare credentialing is a process that obtains, verifies and assesses certain criteria, including the educational background, training, work experience, certifications, and other professional qualifications of personnel who work in the healthcare industry. An LoC needs to conduct credentialing on medical staff or vendor representatives associated with it in order to ensure that these individuals, who have access to the LoC’s facilities, are in compliance with applicable regulatory or internal policy requirements for credentials. LoCs can conduct credentialing in-house or adopt third-party provided services, like our solutions.

How Our Credentialing Service Works in General

Our services enable LoCs to implement systems and processes that assist an LoC to screen, monitor, and track individuals entering and leaving its facilities and to log the individual’s purpose for doing so. Our services assist LoCs in implementing policies and procedures aimed at satisfying relevant regulatory requirements, guidelines and standards regarding patient privacy, infection control, patient safety and incident reporting.

LoCs that do not want to conduct credentialing in-house can adopt our services simply by connecting to our technology platform through the Internet and becoming our registered LoCs. A registered LoC would then inform the vendor representatives and/or medical staff which need to access the LoC that the LoC has adopted our vendor credentialing and/or medical credentialing solutions. Because the relevant registered LoCs will use our platform to conduct credentialing going forward, all these associated vendor representatives and/or medical staff, to the extent they are not already subscribers, would have to become our subscribers in order to comply with such LoC’s credentialing requirements after the subscribers’ current credential files with the LoC expire. Each of our subscribers creates a profile on our platform and uploads data and information depending on the requirements of the relevant registered LoCs, and we conduct verification on such data and information. When a subscriber logs onto the platform at a specific registered LoC, the LoC’s

SUMMARY

system will, through linking to our technology platform through the Internet, know whether the individual is fully compliant with the LoC's specific credential requirements, and then the LoC can grant or deny such subscriber access on that basis. Credential files will be updated from time to time based on specific requirements.

Who Pays Us

We charge paying subscribers a fixed annual fee. As of the Latest Practicable Date, we had more than 120,000 paying subscribers. The paying subscribers comprise representatives of pharmaceutical, medical device and other healthcare suppliers as well as medical staff including doctors, nurses, technicians and other healthcare practitioners. We currently do not charge registered LoCs.

Why Subscribers Pay Us

Once an LoC becomes our registered LoC, vendor representatives and/or medical staff who want to access the LoC to conduct business will be required to subscribe to our platform so that they can check in through our platform. Also, subscribers can achieve cost savings from our credentialing services by not needing to submit paper credentialing documents to the LoC and time efficiency as they no longer need to wait for clearance. We verify the data and information of our paying subscribers, so that the data and information can be used to determine whether the subscribers are compliant with the requirements of registered LoCs. A subscriber who uses our platform will no longer need to, with respect to any registered LoCs, manually submit and updates proof of credentials to each LoC the subscriber wishes to have access to, and wait for the LoC to confirm that it has reviewed the submitted papers and has approved the subscriber to provide services at the LoC. As we have more than 10,000 registered LoCs, each of our subscribers, by paying a fixed annual membership fee and creating a single profile, can make his or her credentials available to, and can potentially gain access to, over 10,000 registered LoCs on our platform.

Paying subscribers can easily review the credentialing requirements of each of the registered LoCs to which they are seeking access, as well as their credentialing documents submitted and the compliance status on our platform. In addition, our platform continues to monitor and communicate all relevant changes in the requirements of each registered LoC with our paying subscribers, allowing our paying subscribers ample time to take necessary steps to remain compliant. Our one-stop solution enables them to manage their credentialing process with multiple LoCs in a more efficient manner. The cost efficiency and time savings, together with the portability of the subscription, resulted in a low annual churn rate of 1.4%, 1.2% and 1.2% in 2015, 2016 and 2017, respectively, of our paying subscribers.

Why LoCs Need Us

In the highly regulated healthcare industry, LoCs are required to ensure that professionals providing services in their facilities are properly qualified. Compliance is mandatory and not discretionary. Being compliant is essential for LoCs to obtain reimbursement from the government or insurance companies for the healthcare services provided to patients.

As to vendor credentialing, in the United States, government agencies and healthcare industry associations, such as the OSHA, the Joint Commission and the HHS, have introduced vendor compliance recommendations, guidelines and standards. In the United Kingdom and Canada, though there is no specific legislation which specifically prescribes what criteria a vendor representative has to satisfy in order to be allowed access to a restricted access area of an LoC, an LoC may set out various criteria in its own policies. Such criteria differ from LoC to LoC, with examples including providing satisfactory evidence of identification, employment, liability insurance coverage, immunization history, competence in operating theatre access courses, clean criminal background checks, and competence and adequate training in the purported area of expertise that a vendor representative has to satisfy in order to be allowed access to a restricted access area of an LoC.

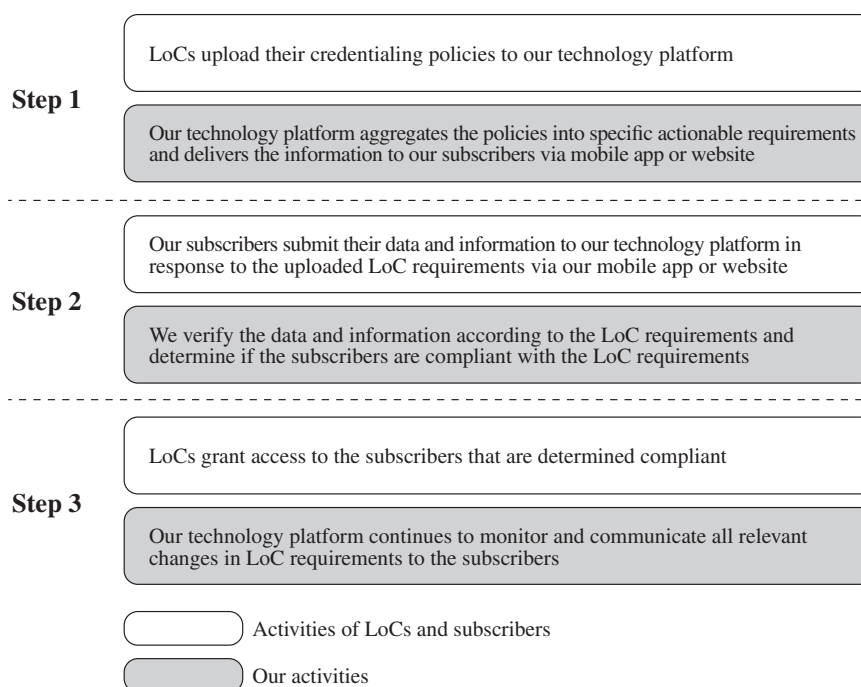
SUMMARY

As to medical credentialing, in jurisdictions where we operate, including the United States, the United Kingdom and Canada, medical staff are subject to a broad spectrum of licensing requirements issued by government and professional associations, and LoCs will perform medical credentialing in various circumstances to ensure, among other things, the medical professionals providing services in the LoCs are properly qualified according to their policies. See “Regulation” for details. Medical credentialing is the process of verifying the education, training, work experience, certification, and other professional qualifications of medical staff, through review of documents including: licenses, pharmaceutical registrations, occupational certifications, affiliation to professional associations, proof of insurance, and documents related to academic background, training, specialty and work history and conducting primary source verification on some of those documents by contacting the issuers of the documents to confirm the information contained therein.

According to CIC, while credentialing of professionals may be carried out in-house, a credentialing service provider delivers value propositions to an LoC, including a faster credentialing time and enhanced labor efficiency, and cuts out cumbersome manual work and coordination among multiple departments within LoCs. Also, as we offer our credentialing services to LoCs free of charge, the costs of credentialing to the LoCs, which represent labor costs associated with creating, monitoring and managing the professionals’ files in-house in LoCs, are greatly reduced. Because our platform collects, processes and verifies data and information in accordance with the requirements of the LoCs, the LoCs are able to determine whether or not a professional is compliant with its policies conveniently and efficiently.

How Credentialing Is Done On Our Platform

Our cloud-based technology integrates all of our subscribers and registered LoCs on a single platform. By connecting and integrating all parties on our platform, we streamline the compliance process. This is accomplished in three major steps:

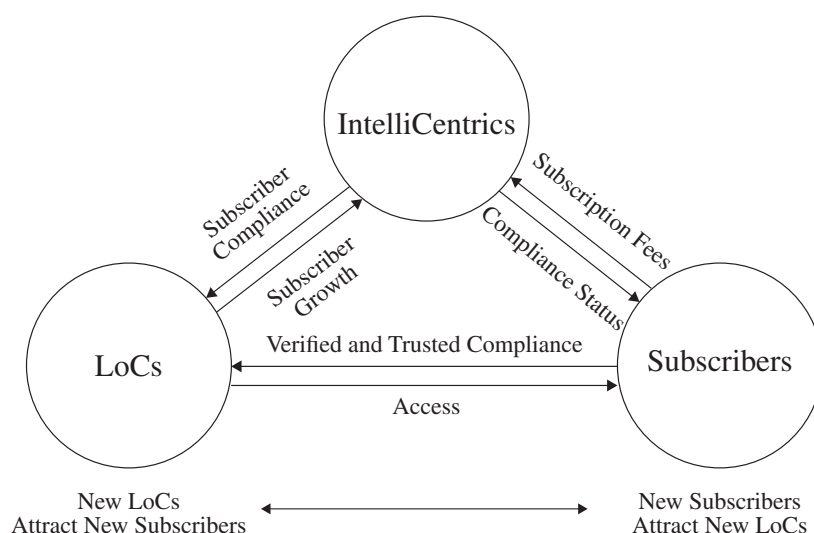


How We Grow

Our growth is driven by increasing the number of interactions across our technology platform, which operates in the United States, Canada and the United Kingdom, and we are entering China. Growth of our subscriber base is accomplished in three primary ways: (1) adding LoCs to our platform attracts more subscribers since they can gain access to more LoCs for a single annual membership fee. To achieve LoC growth, we could acquire LoCs which are using the solutions

SUMMARY

offered by market competitors through either our sales and marketing efforts or acquisition of competitors; alternatively, we could onboard LoCs that conduct credentialing in-house to our platform; (2) adding more subscribers to our platform attracts more LoCs because they can benefit from subscribers who are already compliant reducing the investment of time and effort to be compliant; and (3) we provide or sell additional add-on products and services to both LoCs and subscribers designed to save them time and money in obtaining and maintaining their compliance. The following chart illustrates our growth model:



Our Solutions and Add-On Services

We offer solutions and add-on services through our technology platform in the United States, United Kingdom and Canada. During the Track Record Period, substantially all of our revenue was generated in the United States, with less than one percent of our total revenue generated in the United Kingdom and Canada. As of the Latest Practicable Date, our solutions included vendor credentialing and medical credentialing, and our add-on services included radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral. The following table sets forth a breakdown of our revenue by solutions and add-on services for the periods indicated:

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
(unaudited)										
(in thousands of US\$, except percentages)										
Credentialing Solutions										
Vendor credentialing ⁽¹⁾	28,894	95.9	29,499	95.7	29,558	94.1	24,551	94.4	26,484	94.1
Medical credentialing	—	—	—	—	—	—	—	—	72	0.3
Subtotal	28,894	95.9	29,499	95.7	29,558	94.1	24,551	94.4	26,556	94.3
Add-On Services										
Online training ⁽²⁾	952	3.1	1,076	3.5	1,285	4.1	1,056	4.1	657	2.3
Other add-on services ⁽³⁾	289	1.0	259	0.8	556	1.8	387	1.5	940	3.3
Subtotal	1,241	4.1	1,335	4.3	1,841	5.9	1,443	5.6	1,597	5.7
Total	30,135	100.0	30,834	100.0	31,399	100.0	25,994	100.0	28,153	100.0

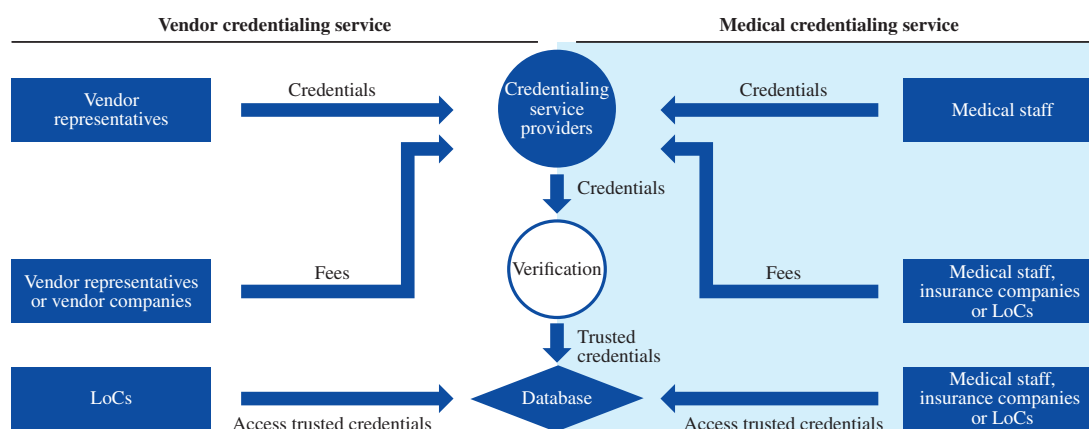
SUMMARY

Notes:

- (1) Primarily including revenue from subscription of the annual membership of our vendor credentialing solution during the Track Record Period and subscription of the expedited processing option from 2015 to 2017.
- (2) We changed our membership system and have ceased to offer online training as an add-on service since January 1, 2018, when it was integrated as a part of the paying membership subscription. See “Business — Pricing and Payment — Pricing.” The revenue recognized as online training in the ten months ended October 31, 2018 represents the fees received in 2017 for subscription of online training but recognized as contract liabilities.
- (3) Primarily including revenue from radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral.

Our Credentialing Business within the Industry Value Chain

As a third-party credentialing service provider, our platform connects LoCs and other users in the healthcare industry seeking access to LoCs. The following diagram sets forth the business model and interactions between our platform and various users in the healthcare industry.



Source: CIC

For vendor credentialing, our technology platform connects LoCs and vendor representatives, enabling the relevant departments of LoCs to manage the credentialing of vendor representatives on our platform. The vendor subscribers pay annual membership fees to us and they may be reimbursed by vendor companies hiring them. In exchange, we perform the credentialing procedures for them and verify their credentials, which in turn enables them to access relevant LoCs. For medical credentialing, our technology platform also connects the medical staff office, human resource department or other relevant departments of LoCs with different categories of medical staff. The medical staff subscribers pay annual membership fees to us, and in some cases they can be reimbursed by insurance companies or LoCs. Similar to vendor credentialing, we perform the credentialing procedures for them and verify their credentials. This enables the medical staff to easily demonstrate their status to the LoCs where they practice or intend to practice.

Our Customers and Registered LoCs

Our customers comprise our paying subscribers. During the Track Record Period, substantially all of our paying subscribers were representatives of pharmaceutical, medical device and other healthcare suppliers. As of October 31, 2018, we had 121,060 paying subscribers, including 119,575 in the United States, 62 in Canada and 1,423 in the United Kingdom. As LoCs' demand drives the credentialing process, we consider the acquisition and retention of registered LoCs as the key to our business. As of October 31, 2018, 10,530 LoCs adopted our vendor credentialing solution, including 10,437 in the United States, eight in Canada and 85 in the United Kingdom. In addition, 72 LoCs had adopted our medical credentialing solution as of October 31, 2018. The

SUMMARY

following table sets forth certain information of our registered LoCs and paying subscribers of our vendor credentialing solution in the United States and acquisition cost per paying subscriber globally as of the dates and for the periods indicated:

	As of and for the year ended December 31,			As of October 31,
	2015	2016	2017	2018
Registered LoCs	9,706	9,696	10,137	10,437
Paying subscribers ⁽¹⁾	121,152	121,093	122,591	118,822 ⁽²⁾
Recurring paying subscribers ⁽³⁾	119,456	119,640	121,120	N/A ⁽⁴⁾
Annual churn rate ⁽⁵⁾	1.4%	1.2%	1.2%	N/A ⁽⁴⁾
Average revenue per paying subscriber (US\$) ⁽⁶⁾	250.0	252.5	257.0	N/A ⁽⁴⁾
Acquisition cost per paying subscriber (US\$) ⁽⁷⁾	35.2	33.7	26.6	N/A ⁽⁴⁾

Notes:

- (1) Paying subscribers refers to the subscribers whose annual membership remains effective as of the end of the relevant period.
- (2) In addition, we had 753 paying subscribers of our medical credentialing solution in the United States as of October 31, 2018.
- (3) Recurring paying subscribers is calculated by the number of paying subscribers as of the end of a year multiplied by the annual retention rate of the relevant year, which equals to 1 minus the annual churn rate as calculated below.
- (4) The operating metric is not applicable for stub period. For the analysis of relevant operating metrics as of and for the year ended December 31, 2018 and as of January 31, 2019, see “— Recent Developments.”
- (5) Annual churn rate of our paying subscribers equals the sum of monthly churn rate of our paying subscribers of each month in a given calendar year. The monthly churn rate of our paying subscribers is calculated by the number of paying subscribers who have no activity on our platform during that month divided by the number of paying subscribers as of the end of that month.
- (6) Average revenue per paying subscriber is calculated by dividing the total revenue in a full financial year by the average of the numbers of paying subscribers as of the end of each month of the relevant year.
- (7) The subscriber acquisition cost is calculated by dividing the selling and marketing expenses in a full financial year by the number of paying subscribers as of the end of the relevant year.

Our paying subscribers in the United States decreased by 2.5% from 122,591 as of December 31, 2017 to 119,575 as of October 31, 2018, which we believe was primarily due to an increase in our annual membership fee since January 1, 2018. See “— Pricing” below for details. Our acquisition cost per paying subscriber was US\$35.2, US\$33.7 and US\$26.6 in 2015, 2016 and 2017, respectively. The decrease from 2015 to 2017 was primarily due to a decrease in the number of sales and marketing employees as our sales and marketing efforts for vendor credentialing, which is a relatively more mature solution for our Group, remained stable. As we introduced our medical credentialing solution in March 2018, we hired new sales and marketing employees to strengthen our sales and marketing force to promote this new solution, and for this reason our acquisition cost per paying subscriber increased to US\$35.1 in 2018. For details of relevant operating metrics as of and for the year ended December 31, 2018 and as of January 31, 2019, see “— Recent Developments.”

In 2015, 2016 and 2017 and the ten months ended October 31, 2018, no single customer (being a paying subscriber) contributed to more than 1% of our total revenue, and, accordingly, we did not have a customer concentration risk.

SUMMARY

Research and Development

We engage in research and development activities for building and maintaining our platform and developing solutions and add-on services in our pipeline. During the Track Record Period, our research and development efforts primarily focused on platform enhancement and upgrade and medical credentialing solution, which was launched in March 2018. As of the Latest Practicable Date, we had four major pipeline solutions, which are expected to be launched in 2019 and some of which could contribute to our revenue growth, including entity credentialing, master scheduling, E-Badge and referral and recruitment. See “Business — Our Pipeline Solutions” for details. Our research and development expenses were US\$5.7 million, US\$4.2 million, US\$5.9 million, US\$4.6 million and US\$8.3 million in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively. See “Business — Information Infrastructure and Technology — Research and Development” and “Financial Information — Results of Operations — Research and Development Expenses” for further details of our research and development activities.

Pricing

For vendor credentialing and medical credentialing solution, we charge our vendor subscribers and medical staff subscribers on an annual basis, and determine the annual fees with reference to value propositions we create and market rates. We currently charge each of our paying subscribers an annual membership fee of US\$287. We used to offer four levels of annual membership depending on whether the vendor subscribers would like to purchase the expedited processing option and/or online training as a package from 2015 to 2017. For add-on services, we generally charge our subscribers on a per-service basis and offer each of the add-on services at a competitive price. See “Business — Pricing and Payment — Pricing” for details.

Our Suppliers

During the Track Record Period, our suppliers were mainly credit card and payment processing companies, and we used their standard services. Our largest suppliers also included certain suppliers of services in relation to our add-on services. In 2015, 2016, 2017 and the ten months ended October 31, 2018, purchases from our five largest suppliers accounted for approximately 99.9%, 99.4%, 89.6% and 86.3%, and purchases from our single largest supplier accounted for approximately 81.1%, 81.5%, 39.9% and 29.6%, respectively, of our total purchases for the same periods. However, in the same periods, the total purchases represented only 3.7%, 3.4%, 4.1% and 5.1% of our revenue, respectively. We have the flexibility to choose credit card and payment processing companies to handle the online payments from our subscribers, and there are other providers of similar services in the market. Therefore, we are able to find alternative suppliers for such services if necessary.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

According to CIC, it is estimated that in 2017 over 80% of vendor representatives in the United States registered to use third-party credentialing services to gain access to LoCs, and measured by total revenue of existing third-party service providers, the vendor credentialing market in the United States had a total size of US\$87.8 million in 2017. According to CIC, we are the leading player in the vendor credentialing market in the United States in terms of both the number of paying subscribers and revenue in 2017, with approximately 36% of market share by revenue in 2017. The vendor credentialing market is expected to continue to grow as more LoCs which currently conduct vendor credentialing in-house would be motivated by the cost effectiveness delivered by third-party provided services.

It is estimated that in the United States the cost of credentialing for physicians and LoCs in medical credentialing is approximately between US\$25,000 and US\$35,000 per physician and US\$7,500 and US\$14,000 per medical staff per year, respectively. The potential to save such significant costs incentivizes LoCs and medical staff to utilize third-party medical credentialing services. With over 11 million medical staff, the market size for medical credentialing in the United States measured by the total subscription fees which may be paid by medical staff for credentialing

SUMMARY

is estimated to be multi-billion U.S. dollars a year. However, most LoCs still conduct medical credentialing in-house, while third-party medical credentialing service providers in this area are principally software companies, whose business model is to provide software solutions to LoCs for their internal staff to use in the medical credentialing process and charge LoCs software licensing fees. Prior to 2018, the medical credentialing market mainly represented revenue of such software companies in the United States, which increased from US\$76.0 million in 2013 to US\$91.0 million in 2017, representing a CAGR of 4.6%, according to CIC. This market represents a very small portion of the total medical credentialing cost in the United States. Because labor and time costs for medical credentialing cannot be eliminated by using the software offered by these software companies, the demand for third-party provided medical credentialing services has been large but underserved until the introduction of technology platforms into this sector. It is likely that more vendor credentialing service providers will tap into the medical credentialing market as the number of medical staff is at least 15 times larger than the number of vendor representatives, according to CIC.

The healthcare credentialing market in China is largely unaddressed but has huge growth potential driven by rising public awareness for a healthier and safer healthcare service delivery environment and evolving government regulations. The market size for healthcare credentialing in China is expected to grow from US\$3.5 million in 2018 to US\$29.1 million in 2022 at a CAGR of 69.3%, according to CIC.

COMPETITIVE STRENGTHS

We believe we possess competitive strengths in four key areas, which have contributed to our success and differentiated us from our competitors, and will continue to drive our success:

- Our leading market position and large business scale
- Our business model that drives strong operating cash flow and high gross profit margin
- Contemporary technology platform decreases time-to-market at low costs
- Visionary and experienced management team

See “Business — Our Competitive Strengths” for details.

OUR STRATEGIES

We strive to become the operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry that innovates and offers solutions based on verified data and information for users to monitor and comply with compliance requirements. To realize our goals, we plan to pursue the following strategies:

- Reinforce our leading position by further growing our registered LoC base
- Ramp up the penetration of the addressable medical credentialing market
- Continue innovation to enrich our solutions and add-on services
- Tap into new geographical regions including China
- Selectively pursue strategic alliances, investments and acquisition opportunities

See “Business — Our Strategies” for details.

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face relate to:

- our ability to maintain subscribers’ and LoCs’ trust in our platform;

SUMMARY

- unforeseen changes in the healthcare regulatory landscape in the jurisdictions where we operate;
- the data that our business generates, processes and stores, and the improper use or disclosure of such data;
- our financial performance, in particular our profit margin, which could decline as we expand into new geographical regions and develop new solutions and add-on services;
- our medical credentialing solution, which was launched recently and has a limited operating track record; and
- our ability to detect or prevent fraud or other misconduct committed by our subscribers or third parties in our verification process.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

You should read the summary historical consolidated financial statements set forth below in conjunction with our consolidated financial statements included in the Accountant's Report in Appendix I to this prospectus, together with the accompanying notes, which have been prepared in accordance with IFRS. The summary historical financial statements as of and for the years/periods ended December 31, 2015, 2016, 2017 and ten months ended October 31, 2018 are derived from our audited consolidated financial statements, including the notes thereto, set forth in the Accountant's Report in Appendix I to this prospectus. The unaudited consolidated statements of profit or loss for the ten months ended October 31, 2017 are derived from our unaudited consolidated financial statements set forth in the Accountant's Report in Appendix I to this prospectus.

Consolidated Statements of Profit or Loss

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(unaudited)									
	(in thousands of US\$, except percentages)									
Revenue	30,135	100.0	30,834	100.0	31,399	100.0	25,994	100.0	28,153	100.0
Cost of revenues	(1,515)	(5.0)	(1,429)	(4.6)	(1,606)	(5.1)	(1,327)	(5.1)	(1,804)	(6.4)
Gross profit	28,620	95.0	29,405	95.4	29,793	94.9	24,667	94.9	26,349	93.6
Selling and marketing expenses	(4,285)	(14.3)	(4,105)	(13.3)	(3,291)	(10.5)	(2,597)	(10.0)	(3,658)	(13.0)
General and administrative expenses	(8,321)	(27.6)	(7,459)	(24.2)	(9,864)	(31.4)	(6,859)	(26.4)	(9,851)	(35.0)
Research and development expenses	(5,734)	(19.0)	(4,212)	(13.7)	(5,877)	(18.7)	(4,646)	(17.9)	(8,311)	(29.5)
Other (losses)/gains, net	(1,591)	(5.3)	(395)	(1.3)	(987)	(3.1)	(816)	(3.1)	494	1.8
Operating profit	8,689	28.8	13,234	42.9	9,774	31.2	9,749	37.5	5,023	17.8
Finance costs	(183)	(0.6)	(120)	(0.4)	(79)	(0.3)	(66)	(0.3)	(962)	(3.4)
Finance income	52	0.2	188	0.6	813	2.6	646	2.5	662	2.4
Profit before income tax	8,558	28.4	13,302	43.1	10,508	33.5	10,329	39.7	4,723	16.8
Income tax expense	(3,740)	(12.4)	(6,293)	(20.4)	(2,696)	(8.6)	(3,045)	(11.7)	(2,048)	(7.3)
Profit for the year/period	<u>4,818</u>	<u>16.0</u>	<u>7,009</u>	<u>22.7</u>	<u>7,812</u>	<u>24.9</u>	<u>7,284</u>	<u>28.0</u>	<u>2,675</u>	<u>9.5</u>

During the Track Record Period, our revenue and cost of revenue, and accordingly our gross profit, remained largely stable. Our net profit increased by 45.5% from US\$4.8 million in 2015 to US\$7.0 million in 2016, primarily due to (i) a decrease in other losses as a result of foreign exchange gain and reversal of a provision we had made in 2015 for a lawsuit and (ii) a decrease in research and development expenses and general and administrative expenses. Our net profit remained largely stable in 2016 and 2017, and is expected to decline in 2018 as a result of the

SUMMARY

increased research and development expenses and Listing expenses incurred in 2018. See “— Recent Developments” below and “Financial Information — Results of Operation” and “Financial Information — Recent Developments.” for further details.

Summary Consolidated Statements of Financial Position

	As of December 31,			As of
	2015	2016	2017	October 31,
	(in thousands of US\$)			2018
Non-current assets	14,456	12,223	34,790	28,086
Current assets	45,868	56,626	37,042	39,406
Total assets	60,324	68,849	71,832	67,492
Non-current liabilities	676	1,028	1,101	31,350
Current liabilities	28,171	35,278	20,242	35,542
Total liabilities	28,847	36,306	21,343	66,892
Net current assets	17,697	21,348	16,800	3,864
Total equity	31,477	32,543	50,489	600

Our total assets increased between December 31, 2015 and 2017, primarily due to our net profit. Our total assets decreased and our total liability increased between December 31, 2017 and October 31, 2018, primarily due to the Reorganization, which resulted in (i) payment of cash consideration by us for the acquisition of Victos from ICTW as a part of the Reorganization; and (ii) the bank facility to finance the above-mentioned acquisition of ICTW. Our total equity decreased significantly to US\$0.6 million as of October 31, 2018 mainly because, as a step of our Reorganization, the Company acquired the entire equity interest in Victos from ICTW in April 2018, a company ultimately controlled by Mr. Lin, our Controlling Shareholder, for a cash consideration of US\$70.0 million. As such, this transaction was accounted for as a deemed distribution under IFRS, which in turn resulted in negative other reserves of US\$62.2 million as of October 31, 2018 on our consolidated statement of financial position. See “Financial Information — Discussion of Certain Key Balance Sheet Items” for details. For details of the acquisition of Victos, see “History, Reorganization and Development — Our Reorganization — Reorganization Steps — Step 3: Acquisition of the Listing Business by our Company.”

Additionally, mainly as a result of the above-mentioned transaction, our Company was temporarily in a net deficit position as of June 30, 2018. Harney Westwood & Riegels, our Company’s legal adviser on Cayman Islands law, has advised us that our Company is not prohibited from paying dividends to its shareholders under the laws of the Cayman Islands solely due to the net deficit position. Harney Westwood & Riegels further advised that, under the laws of the Cayman Islands, our Company may pay dividends to its shareholders out of its profit and/or out of its share premium account in the event that our Company would be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be paid.

SUMMARY

Summary Consolidated Cash Flow Statements

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	(unaudited)				
	(in thousands of US\$)				
Net cash flows generated from operating activities	4,646	13,049	9,926	10,032	8,722
Net cash flows generated from/ (used in) investing activities .	1,355	(7,187)	(17,368)	(17,364)	9,757
Net cash generated from/(used in) financing activities	6,996	(1,247)	(8,998)	(9,215)	(10,824)
Net increase/(decrease) in cash and cash equivalents	12,997	4,615	(16,440)	(16,547)	7,655
Cash and cash equivalents at end of period	35,877	39,440	23,714	23,500	30,841

Key Financial Ratios

	As of and for the year ended December 31,			As of and for the ten months ended October 31,
	2015	2016	2017	2018
Gross profit margin	95.0%	95.4%	94.9%	93.6%
Net profit margin	16.0%	22.7%	24.9%	9.5%
Current ratio ⁽¹⁾	1.6	1.6	1.8	1.1
Gearing ratio ⁽²⁾	33.3%	28.3%	1.0%	7,059.0%
Return on equity ⁽³⁾	16.5%	21.9%	18.8%	N/A
Return on assets ⁽⁴⁾	8.7%	10.9%	11.1%	N/A

Notes:

- (1) Current ratio is calculated by dividing (i) current assets by (ii) current liabilities as of the date indicated.
- (2) Gearing ratio is calculated by dividing (i) total debts by (ii) total equity.
- (3) Return on equity is calculated by dividing (i) profit for the year/period by (ii) the average of the beginning and end balance of total equity of the year/period.
- (4) Return on assets is calculated by dividing (i) profit for the year/period by (ii) the average of the beginning and end balance of total assets of the year/period.

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders are Mr. Lin and Ocín. Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised), Mr. Lin, through his wholly owned investment holding company, Ocín, will be entitled to indirectly exercise voting rights of 64.36% of the issued share capital of our Company, and Ocín will directly hold 64.36% of the issued share capital of our Company.

OUR PRE-IPO INVESTORS

Our Pre-IPO Investors include Universal Valiant Limited, Redmoon Advisors Inc., Alessandro Conneli, Hong Ta En, Ahmed International Corporation (FZE), Jack Lu, Tritech Development Limited, Center Laboratories Inc. and Capricorn Union Limited, who entered into certain agreements with our Company and/or Ocín, our Controlling Shareholder, between March and July 2018. None of the Pre-IPO Investors was granted any special rights in relation to our Group under

SUMMARY

such agreements. Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised), our Pre-IPO Investors in aggregate will be entitled to exercise voting rights of 3.58% of the issued share capital of our Company. See “History, Reorganization and Development — The Pre-IPO Investments” for details.

OFFERING STATISTICS

Offer size	:	Initially 18% of the enlarged issued share capital of our Company (subject to the Over-Allotment Option)
Offering structure	:	Initially 10% for the Hong Kong Public Offering (subject to reallocation) and 90% for the International Offering (subject to reallocation and the Over-Allotment Option)
Over-Allotment Option	:	Up to 15% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share	:	HK\$5.32 to HK\$7.19 per Offer Share

	<u>Based on an Offer Price of HK\$5.32 per Offer Share⁽¹⁾</u>	<u>Based on an Offer Price of HK\$7.19 per Offer Share⁽¹⁾</u>
Our Company’s market capitalization upon completion of the Global Offering ⁽²⁾	HK\$2,390 million	HK\$3,233 million
Unaudited pro forma adjusted net tangible asset per Share ⁽³⁾	HK\$0.65	HK\$0.98

Notes:

- (1) All statistics in the table are based on the assumption that the Over-Allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 449,470,655 Shares expected to be in issue immediately upon completion of the Global Offering assuming the Over-Allotment Option is not exercised.
- (3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to “Unaudited Pro Forma Financial Information” set forth in Appendix II to this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting and other fees incurred in connection with the Listing. We expect our total Listing expenses to be approximately US\$9.2 million (based on the mid-point of the indicative price range and assuming the Over-Allotment Option is not exercised), of which US\$2.8 million will be directly attributable to the issue of our Shares and capitalized. In addition, US\$1.1 million and US\$2.7 million was charged as expenses, in 2017 and the ten months ended October 31, 2018, respectively, and the remaining US\$1.3 million and US\$1.3 million will be expensed in the last two months of 2018 and in 2019, respectively.

SUMMARY

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering will be HK\$433.9 million (after deduction of underwriting commissions and any discretionary incentive fee which may be payable by us in connection with the Global Offering), assuming the Over-Allotment Option is not exercised and an Offer Price of HK\$6.26 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus. We intend to use the net proceeds for the following purposes:

- (i) Approximately HK\$38.3 million (equivalent to US\$4.9 million, representing approximately 8.8% of the net proceeds) will be used for funding potential acquisitions and developing strategic alliances that can complement our existing market share, improve our market position and diversify our solutions and add-on services;
- (ii) Approximately HK\$234.6 million (equivalent to US\$30.0 million, representing approximately 54.1% of the net proceeds) will be used for sales and marketing efforts, primarily for promoting our newly launched medical credentialing solution and pipeline solutions over the next three years;
- (iii) Approximately HK\$117.7 million (equivalent to US\$15.1 million, representing approximately 27.1% of the net proceeds) will be used for repaying the principal amount of a bank facility in connection with the Reorganization. The bank facility had a term of three years to be matured upon April 16, 2021 with an interest rate of 4.45% as of December 31, 2018; and
- (iv) Approximately HK\$43.4 million (equivalent to US\$5.5 million, representing approximately 10.0% of the net proceeds) will be used for working capital and other general corporate purposes.

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-Allotment Option) are either more or less than expected, we will adjust our allocation of the net proceeds, after repaying the principal amount of the bank facility, for the purposes set forth in paragraph (i) above. To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes and to the extent permitted by applicable laws and regulations, the Directors may allocate part or all of the proceeds to short-term interest-bearing deposits and/or money-market instruments and/or principal-guaranteed wealth management products with authorized financial institutions and/or licensed banks. See “Future Plans and Use of Proceeds” for details.

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. Historically, the Company has not declared or paid any dividend to our Shareholders, and there is no assurance that dividends of any amount will be declared or distributed in any year. In 2015, 2016, 2017 and the ten months ended October 31, 2018, dividends declared by the companies now comprising our Group to the then owners of the companies, after eliminating intragroup dividends, were US\$0, US\$5.0 million, US\$0 and US\$0, respectively. Dividends distributed in the past may not be indicative of our dividend payments in the future. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio. We did not have any distributable reserves as of October 31, 2018 and currently do not intend to declare dividends for the year ended December 31, 2018. Furthermore, our total equity excluding non-controlling interests, which was US\$1.0 million as of December 31, 2018, will constitute a limit of our ability to distribute dividends in the near future, though it is expected to increase immediately following the completion of the Global Offering. Our dividend distribution is subject to conditions and factors including, among others, our financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, interests of the Shareholders and any restrictions on payment of dividends. As we intend to maintain adequate cash reserves for meeting working capital requirements for our fast growth in the near future, we target to distribute dividends ranging from 3% to 10% of our annual net profits for the year ending December 31, 2019.

SUMMARY

RECENT DEVELOPMENTS

In December 2018, we acquired WAY, a company principally engaged in providing credentialing services in the United Kingdom, for a total cash consideration of £2,545,000 (equivalent to approximately US\$3,232,150). We expect the acquisition of WAY to help our Group further penetrate the credentialing market in the United Kingdom.

Subsequent to October 31, 2018, we continue to develop our vendor credentialing solution and expand our medical credentialing solution. As of December 31, 2018, we had 10,679 LoCs adopting our vendor credentialing solution, among which 10,471 were in the United States, eight in Canada and 200 in the United Kingdom, respectively. As of December 31, 2018, the LoCs adopting our medical credentialing solution increased significantly to 723. As of December 31, 2018, we had 123,337 paying subscribers comprised of 119,205 paying subscribers in the United States (including 118,331 vendor subscribers and 874 medical staff subscribers), 4,075 vendor subscribers in the United Kingdom and 57 vendor subscribers in Canada, respectively. For the year ended December 31, 2018, the acquisition cost per paying subscriber was US\$35.1, representing an increase of 32.0% from 2017, primarily because we hired new sales and marketing professionals to strengthen our sales and marketing force to promote the new medical credentialing solution launched in March 2018.

In January 2019, we acquired 111 additional LoCs and 374 additional paying subscribers of our medical credentialing solution, respectively, while the number of LoCs and paying subscribers of our vendor credentialing solution remained largely stable. As of January 31, 2019, we had 10,691 LoCs adopting our vendor credentialing solution, among which 10,475 were in the United States, nine in Canada and 207 in the United Kingdom, respectively. As of January 31, 2019, the LoCs adopting our medical credentialing solution further increased to 834. As of January 31, 2019, we had 123,639 paying subscribers comprised of 119,529 paying subscribers in the United States (including 118,281 vendor subscribers and 1,248 medical staff subscribers), 4,057 vendor subscribers in the United Kingdom and 53 vendor subscribers in Canada, respectively.

Our Directors expect our net profit for the year ended December 31, 2018 to decline as compared to 2017 and the factors affecting our net profit in 2018 to continue to affect us in 2019. Primarily due to the increased research and development expenses for our pipeline solutions and Listing expenses, our net profit decreased by 63.3% from US\$7.3 million in the ten months ended October 31, 2017 to US\$2.7 million in the ten months ended October 31, 2018, and our net profit margin decreased from 28.0% in the ten months ended October 31, 2017 to 9.5% in the ten months ended October 31, 2018. See “Financial Information — Results of Operations” for details. However, our Directors are of the view that the decline in net profit for the ten months ended October 31, 2018 does not indicate a long-term trend of deteriorating financial position and that we are able to continuously generate positive operating cash flow based on the following considerations of our operating conditions and business prospects:

- (a) Our net cash flow generated from operating activities reached US\$8.7 million in the ten months ended October 31, 2018, primarily attributable to the increase in the annual membership fee, which took effect from January 1, 2018; this effect is expected to continue in the rest of 2018 and 2019 as more paying subscribers renew their annual membership;
- (b) Our Directors expect our revenue and gross profit for the year ended December 31, 2018 to increase moderately as compared to 2017 based on the fact that we maintained a stable number of paying subscribers as of October 31, 2018; each of our paying subscribers paid an annual membership fee, which was raised since January 1, 2018 to US\$287;
- (c) The annual churn rate of our paying subscribers was only 1.4%, 1.2%, 1.2% and 1.6%, respectively, in 2015, 2016, 2017 and 2018, respectively; and

SUMMARY

- (d) The decrease in our net profit in the ten months ended October 31, 2018 was primarily attributable to (i) the increased research and development expenses for our pipeline solutions and (ii) Listing expenses; we are closely monitoring such expenses in our course of business and are able to decide to spend less on research and development if we desire to.

Our Directors expect our net profit to decline in 2018 as compared to 2017 based on the following reasons:

- (a) the primary factors leading to a decline in net profit in the ten months ended October 31, 2018 as compared to the same period of 2017, including (i) an increase in research and development expenses and (ii) Listing expenses, continued to affect our results of operations in the last two months of 2018; and
- (b) our selling and marketing expenses increased substantially as compared to 2017, primarily due to new hiring of sales and marketing employees to strengthen our sales and marketing force for promoting our newly launched medical credentialing solution, most of whom joined us in late 2018.

These factors are expected to continue to affect us in 2019. Furthermore, our Directors expect our net profit in 2019 will also be affected by:

- (a) a substantial increase in our selling and marketing expenses in 2019 as compared to 2018 because we plan to hire additional sales and marketing employees and launch various marketing programs. See “Future Plans and Use of Proceeds — Use of Proceeds” for details; and
- (b) higher growth rate of cost of revenues than that of revenue in 2019, primarily attributable to (i) amortization of capitalized development expenditures for our pipeline solutions; (ii) increasing payment processing fees charged each time payment for a subscription to our annual membership is made, reflecting the expected increase in the number of our paying subscribers, while revenue from such subscriptions is recognized on a deferred basis; and (iii) increasing employee benefit expenses as we will continue to build up our team for medical staff primary source verification.

Save as disclosed above, there has been no event since October 31, 2018 up to the date of this prospectus that would materially affect the information as set forth in the Accountant’s Report in Appendix I to this prospectus.

We have included in Appendix III to this prospectus unaudited preliminary financial information of our Group for the year ended December 31, 2018, which is prepared in compliance with the content requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules and has been agreed with the Reporting Accountant following its review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Accountant’s Report”	the report of the Reporting Accountant dated March 18, 2019, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by, or under direct or indirect common control with, such specified person
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the Second Amended and Restated Memorandum and Articles of Association of our Company (as amended from time to time), conditionally adopted on March 14, 2019, with effect from the Listing Date, a summary of which is set out in Appendix IV to this prospectus
“Audit Committee”	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of our Company and audits of the financial statements of our Company
“Board” or “Board of Directors”	the board of directors of our Company
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“Cayman Companies Law”	the Companies Law (2018 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961), as amended or supplemented or otherwise modified from time to time
“CAD”	Canadian dollar, the lawful currency of Canada
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant” . .	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant” .	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant” . . .	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CCTV Business”	the manufacture, sale and distribution of security solutions including CCTV displays and surveillance cameras
“CDC”	Center for Disease Control and Prevention
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“CIC”	China Insights Consultancy Limited, a private independent research firm that provides market research and analysis, and an Independent Third Party
“CIC Report”	an industry report commissioned by us and, independently prepared by CIC in connection with the Global Offering
“CMS”	Centers for Medicare & Medicaid Services
“Co-Manager”	Aristo Securities Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “the Company”	IntelliCentrics Global Holdings Ltd. 中智全球控股有限公司 (formerly known as 31 Frameworks Ltd.), the listing vehicle for the Listing, which is an exempted company with limited liability incorporated in the Cayman Islands on June 3, 2016 and the Shares of which are to be listed on the Main Board of the Hong Kong Stock Exchange
“Controlling Shareholder(s)” . . .	the controlling shareholders (as defined in the Listing Rules) of our Company, namely Mr. Lin and Ocina

DEFINITIONS

“deView Electronics”	deView Electronics, Inc., a corporation incorporated in the State of Texas of the United States on June 25, 2010 and formerly a wholly owned subsidiary of our Company, which was dissolved on December 22, 2017
“Director(s)”	director(s) of our Company
“GBP”	British Pound, the lawful currency of the United Kingdom
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)” . .	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and its subsidiaries at the relevant time and, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HHS”	the United States Department of Health and Human Services
“HIPAA”	the Health Insurance Portability and Accountability Act of 1996
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$” .	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Public Offer Shares”	the 8,090,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
“Hong Kong Public Offering” . .	the offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong
“Hong Kong Share Registrar” . .	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange” . .	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated March 15, 2019, relating to the Hong Kong Public Offering and entered into by our Company, the Controlling Shareholders, CLSA Capital Markets Limited, CLSA Limited, Yuanta Securities (Hong Kong) Company Limited, AMTD Global Markets Limited and the Hong Kong Underwriters
“IASB”	International Accounting Standards Board
“IC Holding”	IntelliCentrics Holding Company, an exempted company with limited liability incorporated in the Cayman Islands on April 27, 2012 and a wholly owned subsidiary of our Company
“ICTW”	ICTW Corp. (遠智股份有限公司), a company incorporated in Taiwan on October 11, 2017 and a company controlled by Mr. Lin
“IFRS”	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the IASB
“Inception Point”	Inception Point Systems Ltd, a private limited company incorporated in England and Wales on July 25, 2012 and a wholly owned subsidiary of our Company
“Independent Third Party(ies)” . .	any individual(s) or entity(ies) who, as far as our Directors are aware, is/are not connected with our Company or our connected persons within the meaning ascribed under the Listing Rules
“IntelliCentrics Canada”	IntelliCentrics Solutions Inc., a corporation incorporated in the province of Quebec, Canada on July 20, 2012 and a wholly owned subsidiary of our Company
“IntelliCentrics Companies”	including IC Holding, Inception Point, IntelliCentrics UK, Zengine, USA deView, IntelliCentrics Canada, IntelliCentrics USA and two non-operating subsidiaries, VendorClear and Status Blue
“IntelliCentrics HK”	IntelliCentrics Zengine (Hong Kong) Company Limited (中智科技香港有限公司), a limited company incorporated in Hong Kong on April 11, 2018 and owned by our Company as to 67.0% and by Sciencare Holding (HK) Limited as to 33.0%

DEFINITIONS

“IntelliCentrics Taiwan”	the branch of our Company established in Taiwan on December 20, 2017
“IntelliCentrics UK”	IntelliCentrics UK Ltd, a private limited company incorporated in England and Wales on July 23, 2012 and a wholly owned subsidiary of our Company
“IntelliCentrics USA”	IntelliCentrics, Inc., a corporation incorporated in the State of Delaware of the United States on May 19, 2010 and a wholly owned subsidiary of our Company
“International Offer Shares”	the 72,810,000 Shares being initially offered in the International Offering for subscription or purchase under the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-Allotment Option, subject to reallocation
“International Offering”	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S as further described in “Structure of the Global Offering”
“International Underwriters”	the international underwriters of the International Offering who are expected to enter into the International Underwriting Agreement as purchasers on or about the Price Determination Date
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, us, the Controlling Shareholders, the Joint Global Coordinators and the International Underwriters on or about March 21, 2019
“IPO”	an initial public offering of the Shares and listing of the Shares on the Main Board of the Hong Kong Stock Exchange
“Joint Bookrunners” or “Joint Lead Managers”	CLSA Limited, AMTD Global Markets Limited and Yuanta Securities (Hong Kong) Company Limited
“Joint Commission”	the Joint Commission, a U.S.-based independent, not-for-profit organization which accredits and certifies healthcare organizations and programs
“Joint Global Coordinators”	CLSA Limited and AMTD Global Markets Limited

DEFINITIONS

“Latest Practicable Date”	March 8, 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
“Listing”	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Business”	the business of our Group, which includes principally the provision of credentialing services in the United States, Canada and the United Kingdom
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about March 27, 2019 on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended or supplemented from time to time
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company (as amended from time to time), adopted on March 14, 2019, a summary of which is set out in Appendix IV to this prospectus
“MOFCOM”	the Ministry of Commerce of the PRC
“Mr. Lin”	Mr. Lin Tzung-Liang (林宗良), the Chairman of the Board, an executive Director of our Company and one of our Controlling Shareholders
“Mr. Sheehan”	Mr. Michael James Sheehan, the Chief Executive Officer and an executive Director of our Company
“Mr. Sheehan Trust”	Michael Sheehan Irrevocable Trust, a trust associated with Mr. Sheehan with Mr. Sheehan being a beneficiary and the trustee
“NCQA”	the National Committee for Quality Assurance, an independent 501(c)(3) non-profit organization in the United States that works to improve health care quality through the administration of evidence-based standards, measures, programs, and accreditation

DEFINITIONS

“Nomination Committee”	a committee of the Board established by the Board to make recommendations to our Board in relation to the appointment and removal of Directors and senior management, and on matters of succession planning
“Non-Compete Period”	the period commencing on the Listing Date and ending on the earliest of: <ul style="list-style-type: none">(a) the date on which any relevant Controlling Shareholder ceases to be a controlling shareholder of the Company as defined in the Listing Rules;(b) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange; and(c) the date on which the Group ceases to engage in the Restricted Business
“NTD”	New Taiwan dollar, the lawful currency of Taiwan
“Ocin”	Ocin Corp., an exempted company with limited liability incorporated in the Cayman Islands on May 26, 2016 and one of our Controlling Shareholders, and is wholly owned by Mr. Lin
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%)
“Offer Share(s)”	the Hong Kong Public Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-Allotment Option
“OSHA”	the Occupational Safety and Health Administration, an agency of the United States Department of Labor established under the Occupational Safety and Health Act of 1970

DEFINITIONS

“Over-Allotment Option”	the option expected to be granted by us to the International Underwriters, exercisable by CLSA Limited (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 12,135,000 Shares at the Offer Price to cover over-allocations in the International Offering, if any, or undertake stabilization action as described in the section headed “Structure of the Global Offering — Over-Allotment Option — Stabilization Action” in this prospectus
“PRC government”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“Pre-IPO Investments”	the transactions as further described in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus
“Pre-IPO Investors”	Universal Valiant Limited, Redmoon Advisors Inc., Alessandro Conneli, Hong Ta En, Ahmed International Corporation (FZE), Jack Lu, Trittech Development Limited, Center Laboratories Inc. and Capricorn Union Limited, and a “Pre-IPO Investor” means any of them, further details of which are described in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus
“Pre-IPO Share Option(s)” or “Share Option(s)”	the option(s) granted by the Company under the Pre-IPO Share Option Scheme
“Pre-IPO Share Option Scheme” .	the share option plan adopted by the Board on August 7, 2018 as further described in “Statutory and General Information — E. Pre-IPO Share Option Scheme” in Appendix V to this prospectus
“Pre-IPO Share Purchase Agreement”	the share purchase agreement entered into between Hong Ta En and Ocina on March 29, 2018 as further described in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus

DEFINITIONS

“Pre-IPO Subscription Agreements”	the share subscription agreements entered into between the Company and (i) each of Universal Valiant Limited, Redmoon Advisors Inc., and Alessandro Conneli respectively on March 30, 2018, (ii) Ahmed International Corporation (FZE) on July 25, 2018, and (iii) each of Jack Lu, Trittech Development Limited, Center Laboratories Inc. and Capricorn Union Limited on July 27, 2018, each a Pre-IPO Subscription Agreement, as further described in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus
“Price Determination Date”	the date, expected to be on or about March 21, 2019, on which the Offer Price will be determined and, in any event, not later than March 25, 2019
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	a committee of the Board established by the Board to discharge the Board’s responsibilities relating to the remuneration of Directors and executive officers of our Company
“Reorganization”	the reorganization of our Group in preparation for the Listing, details of which are set out in “History, Reorganization and Development — Our Reorganization”
“Reporting Accountant”	PricewaterhouseCoopers
“RepTrax”	the first generation vendor credentialing platform operated by our Group
“Restricted Business”	any business that competes or may compete with the principal business which the Group carries out as at the Listing Date which is the provision of credentialing services for vendor representatives and/or medical staff
“RMB”	Renminbi, the lawful currency of the PRC
“SAIC”	the State Administration for Industry & Commerce of the PRC
“Sciencare Technology”	Beijing Sciencare Technology Co., Ltd. (北京仁正醫德科技有限公司), a company incorporated in the PRC with limited liability on March 21, 2018, a joint venture which is 60.0% owned by Mr. Li Zheng and 40.0% owned by IntelliCentrics HK

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of Shares
“Sole Sponsor”	CLSA Capital Markets Limited
“Stabilizing Manager”	CLSA Limited
“Status Blue”	Status Blue LLC, a limited liability company incorporated in Georgia, United States on September 27, 2005, and a wholly owned subsidiary of our Company
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilizing Manager (or its affiliates acting on its behalf) and Ocina, pursuant to which Ocina will agree to lend up to 12,135,000 Shares to the Stabilizing Manager on terms set forth therein
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three financial years of the Company ended December 31, 2015, 2016 and 2017, and the ten months ended October 31, 2018
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“USA deView”	USA deView, Inc., a corporation incorporated in the state of Texas of the U.S. on June 4, 2004 and a wholly owned subsidiary of our Company

DEFINITIONS

“U.S. dollars” or “US\$”	U.S. dollars, the lawful currency of the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“U.S.” or “United States”	the United States of America
“VendorClear”	VendorClear.com, LLC, a limited liability company incorporated in Texas, United States on November 28, 2005, and a wholly owned subsidiary of our Company
“VendorLink”	Vendorlink.ca Ltd., a corporation incorporated under the laws of the Province of Ontario, Canada starting business since November 2010, and its assets were acquired by our Group in 2014
“Victos”	Victos Holding Corp., an international company incorporated in Samoa on October 31, 2003, and a wholly owned subsidiary of our Company
“VTC Electronics”	VTC Electronics Corp. (遠業科技股份有限公司), a joint stock company with limited liability incorporated in Taiwan on August 30, 1995, a company controlled by Mr. Lin
“WAY”	Who Are You Limited, a company incorporated and registered under the laws of England and Wales on April 12, 2013, and was wholly owned by Nicola Arcos, Jonathan Arcos, Lisa Watts and David Watts immediately prior to the completion of the WAY Acquisition, and became an indirect wholly-owned subsidiary of our Company on December 27, 2018
“WAY Acquisition”	the acquisition of the then entire issued share capital of WAY by IntelliCentrics UK
“White Form eIPO”	the application for Hong Kong Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at <u>www.eipo.com.hk</u>

DEFINITIONS

“White Form eIPO Service Provider” Computershare Hong Kong Investor Services Limited

“Zengine” Zengine Limited, a private limited company incorporated in England and Wales on August 28, 2013 and a wholly owned subsidiary of our Company

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

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

The English translation of names of entities, enterprises, nationals, facilities, laws or regulations from Chinese or another language included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of entities, enterprises, nationals, facilities, laws or regulations and their English translations, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this prospectus as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“annual churn rate”	a term deployed by us to indicate, for illustration purposes only, paying subscribers who have stopped using our platform. This is calculated by the sum of monthly churn rate of our paying subscribers of each month in a given calendar year. The monthly churn rate of our paying subscribers, expressed as a percentage, is calculated by the number of paying subscribers who have no activity on our platform during that month divided by the number of paying subscribers as of the end of that month
“average revenue per paying subscriber”	the total revenue in a full financial year divided by the average of the numbers of paying subscribers as of the end of each month of the relevant year
“AWS”	Amazon Web Services, which provides on-demand cloud computing platforms to individuals, companies and governments, on a paid subscription basis. The technology allows subscribers to have at their disposal a full-fledged virtual cluster of computers, available all the time, through the Internet
“blended average annual subscription fee”	the total subscription fees we received, in a given calendar year, for annual membership at all levels, the expedited processing option and online training divided by the total number of subscriptions to annual membership in the relevant year
“CAGR”	compound annual growth rate
“CCTV”	closed-circuit television, also known as video surveillance, which is the use of video cameras to transmit a signal to a specific place, on a limited set of monitors
“credentialing”	the process of verifying qualifications to ensure current competence to grant privileges, which involves verification of education, training, experience, and licensure to provide services; in the case of healthcare credentialing, it is a process that obtains, verifies and assesses certain criteria, including the educational background, training, work experience, certifications, and other professional qualifications of personnel who work in the healthcare industry

GLOSSARY OF TECHNICAL TERMS

“HAI”	healthcare-associated infection
“healthcare service”	the service practice that provides inpatient or outpatient diagnosis, treatment and prevention of human disease, illness, injury or dysfunction through the medical procedures performed by professional practitioners in medicine, optometry, dentistry, nursing, pharmacy, and other fields
“LoC”	location of care, including hospitals, physician offices and other types of locations where healthcare services are provided such as imaging centers and long-term care centers
“medical staff”	doctors, nurses, technicians and other healthcare practitioners, such as clinical contractors (including clinical specialists, neurophysiologists, registered nurses, respiratory therapists, neuromonitors, surgical technicians and intraoperative monitoring technicians)
“medical staff subscriber”	user who subscribes to our medical credentialing solution
“open source license”	a type of license for computer software and other products that allows the source code, blueprint or design to be used, modified and/or shared under defined terms and conditions
“open source software”	a type of computer software with its source code made available with a license in which the copyright holder provides the rights to study, change, and distribute the software to anyone and for any purpose
“paying subscriber”	a subscriber whose annual membership of our vendor credentialing solution or medical credentialing solution remain effective
“registered LoC”	LoC that has registered on our platform and has not cancelled its registration
“vendor subscriber”	user who subscribes to our vendor credentialing solution
“vendor representative”	representatives of pharmaceutical, medical device, and other healthcare suppliers

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management and information currently available to our management. The forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic, political and business conditions of the United States, the United Kingdom, Canada, and the PRC;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend policy;
- our operation, research and development and capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed “Financial Information” in this prospectus with respect to prices, volumes, operations, margins, expenses, overall market trends, risk management and exchange rates.

The words “aim,” “anticipate,” “believe,” “could,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including those discussed in the section headed “Risk Factors” in this prospectus. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those described herein as anticipated, believed or expected, as well as from historical results. Accordingly, such statements are not a guarantee of

FORWARD-LOOKING STATEMENTS

future performance and you should not place undue reliance on such forward-looking information. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. You should pay particular attention to the fact that our business is operated in multiple jurisdictions, and we are governed by a legal and regulatory environment which may differ in some respects from that which prevails in other countries. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The trading price of our Shares could also decrease significantly due to any of these risks and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Maintaining subscribers' and LoCs' trust in our platform is critical to our success, and any failure to do so could severely damage our reputation and brand, and could materially and adversely affect our business, financial condition, results of operations and prospects.

We have developed a credentialing platform for compliance and security purposes that connects users across the healthcare industry, cultivating a community of subscribers and LoCs. We have been building our brand name and reputation in our community as we believe that our ability to maintain subscribers' and LoCs' trust in our platform has been critical to our success so far and will remain critical to our future expansion both in the United States and globally. We believe that our ability to maintain subscribers' and LoCs' trust in our platform is primarily affected by the following factors:

- our ability to maintain the recognition of our neutral role in our community of subscribers and LoCs;
- our verification of information meets the required standards;
- the reliability, security and functionality of our platform;
- our ability to maintain the quality of solutions and services we provide through our platform;
- the breadth of offerings of our solutions and services and their ability to address the needs of subscribers and LoCs and meet their expectations;
- our ability to adopt new technologies or adapt our information infrastructure to changing subscriber requirements or emerging industry standards;
- the efficiency in our response to the enquiries, complaints and feedback of subscribers and LoCs; and
- the strength of our brand among existing and potential participants within the healthcare industry which we have built through various marketing and promotional activities.

RISK FACTORS

Any loss of trust in our platform could harm the value of our brand and reputation, and result in participants ceasing to utilize our platform or reducing the level of their activity on our platform, which could materially and adversely affect our business, financial condition and results of operations. Furthermore, there can be no assurance that our brand promotion efforts would be effective. Such efforts may be expensive, and if the returns from such efforts are not commensurate with the costs, this may, in turn, materially and adversely affect our financial condition and results of operations. Any negative review, comment or allegation about us and the third-party service providers that cooperate with us, or incident or scandal involving the LoC, vendor representatives, vendor companies, medical staff or other members of our community with respect to credentialing, or solutions and services offered over our platform by the media, on social networks or other public online forums, may harm our brand, reputation and public image. We may also face challenges from others seeking to profit from, or defame, our brand. Any of the foregoing may result in loss of potential and existing subscribers, LoCs or business partners for our community and, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

The healthcare industry is heavily regulated. Any unforeseen change in the healthcare regulatory landscape in the jurisdictions where we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

The healthcare industry is highly regulated. Federal and state authorities in the United States and relevant government authorities in other jurisdictions where we operate have enacted and enforced extensive regulatory requirements. The healthcare regulatory landscape is also subject to changing political, economic and regulatory influences. Subsequent laws and regulations may render our operations non-compliant or no longer viable. In particular, changes in regulations affecting purchasing and hiring practices of LoCs and/or the processing, dissemination or storage of personal data could require us to make unplanned modifications of our solutions and services or reduce the demand for our solutions and services.

Government agencies and healthcare industry associations, such as the OSHA, the Joint Commission and the HHS have introduced vendor compliance recommendations, guidelines and standards. See “Regulation — Relevant Laws and Regulations of the United States.” If new regulations or amendments to such regulatory requirements are enforced, we may be forced to modify our solutions and services accordingly. Changes in the regulatory environment could also undercut the demand for our solutions and services. For instance, if credentialing and controlling access of vendor representatives and medical staff became optional to LoCs, or if certain government agencies or healthcare organizations were designated by the government to centralize credentialing practices, or if other stakeholders in the healthcare industry came together to form a centralized credentialing platform or system, we would be unable to retain our subscribers, and our business, financial condition and results of operations and prospects could be materially and adversely affected.

Due to the uncertainty and complexity of the evolving healthcare regulatory environment, we cannot assure you that our operations as they are currently conducted would be viable and in full compliance with applicable laws and regulations if such laws and regulations change. We may become subject to fines or other penalties or, if we determine that the requirements to operate in

RISK FACTORS

compliance are overly burdensome, we may elect to terminate the non-compliant operations. In each case, our business, financial condition and results of operations may be materially and adversely affected.

Our business generates, processes and stores a large amount of data, and the improper use or disclosure of such data could harm our reputation, subject us to liability claims and penalties, and result in a material adverse effect on our business, financial condition, results of operations and prospects.

Our business generates, processes and stores a large amount of personal, transactional and behavioral data. We face risks inherent in handling large volumes of data and in securing and protecting such data. In particular, we face a number of data-related challenges from activities on our platform, including:

- protecting the data in and hosted on our system and that of our data hosting service providers, including against attacks on our system by external parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, cross-border transmission, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any failure, or perceived failure, by us to comply with our privacy policies or with any applicable regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by organizations, governmental entities, other regulatory authorities or even private individuals. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business model or practices, increase our costs and severely disrupt our business.

As we expand our operations, we may be subject to additional laws in other jurisdictions where our subscribers are located. The laws, rules and regulations of those jurisdictions may impose on us more stringent or conflicting requirements with harsher penalties for non-compliance than those in the jurisdictions in which we currently operate, including the United States, Canada and the United Kingdom, and compliance with such requirements could require significant resources and result in substantial costs. In particular, we may become subject to additional and/or more stringent obligations under laws regarding data localization and/or restrictions on data export/import.

Furthermore, the regulatory framework for privacy and cybersecurity issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. In May 2016, the European Union adopted the General Data Protection Regulation (“GDPR”) that imposed more stringent data protection requirements and provided for greater penalties for non-compliance beginning in May 2018. We may be required to incur significant costs to comply with privacy and

RISK FACTORS

data security laws, rules and regulations, including the GDPR. Any inability to adequately address privacy and security concerns or comply with applicable privacy and data security laws, rules and regulations could have an adverse effect on our business prospects, results of operations and/or financial position.

Failure to comply with these obligations could subject us to liability, and, to the extent that we need to alter our business model or practices to adapt to these obligations, we could incur additional expenses. In any of these circumstances, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our financial performance, in particular our profit margin, could decline as we expand into new geographical regions and develop new solutions and add-on services. Our historical results of operations and financial performance are not indicative of future performance.

Our financial performance, in particular our profit margin, may decline along with the implementation of our expansion plans. We achieved a gross profit margin, calculated by our gross profit divided by our revenue for the period and expressed by percentage, of 95.0%, 95.4%, 94.9%, 94.9% and 93.6%, respectively, in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018. Nevertheless, there can be no assurance that we would be able to maintain the level of gross profit margin in the future. In particular, as the gross profit margin for our medical credentialing solution is expected to be lower than that of our vendor credentialing solution, we expect our gross profit margin to drop in the next few years. Our net profit margin, calculated by our net profit divided by our revenue for the period and expressed by percentage, was 16.0%, 22.7%, 24.9%, 28.0% and 9.5%, respectively, in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018. Our net profit margin decreased significantly in the ten months ended October 31, 2018, primarily attributable to the increased research and development expenses for our pipeline solutions and Listing expenses. We expect our net profit margin for the year ended December 31, 2018 to be at a lower level than that of 2015, 2016 and 2017.

Moreover, there can be no assurance that we may be able to achieve the expected results for any such expansions. In particular, our pipeline solutions are new and evolving, some of which are still at the inception or trial stage and may prove unsuccessful or less successful than expected. It would take some time for such pipeline solutions to ramp up and generate meaningful revenue. Our historical results of operations and financial performance, primarily reflecting our vendor credentialing solution which is our flagship and relatively mature product, are not indicative of future performance. In particular, the profitability of our vendor credentialing solution may not be indicative of our future profitability, which may be subject to many factors beyond our control, such as the receptiveness of our subscribers, performance of third parties, subscriber preferences, competitive conditions, changing regulatory requirements and industry standards. If our expansion to new geographical regions or future solutions do not succeed as we anticipate, we may not be able to maintain or increase our revenue, generate profits or achieve positive operating cash flow, which may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Our medical credentialing solution was launched recently and has a limited operating track record, and we cannot assure you that it can gain the same popularity as our vendor credentialing solution, or at all.

We launched our medical credentialing solution in March 2018 and have a limited operating track record for this product. See “Business — Our Solutions and Add-On Services — Credentialing Solutions — Medical Credentialing Solution.” Therefore, it is uncertain whether it would achieve and sustain high levels of demand, consumer acceptance and market adoption due to the nature of the business model of our medical credentialing solution. Our historical success in vendor credentialing is not indicative of our performance in medical credentialing, as the users involved and the credentialing requirements are different. Risks and challenges we may face in operating the medical credentialing solution include our ability to, among other things:

- market and promote our medical credentialing solution to users that we had not engaged with, such as medical staff and organizations of doctors, nurses, technicians and other healthcare practitioners;
- capitalize on our relationships with LoCs currently using our vendor credentialing solution to cross sell our medical credentialing solution to them;
- enhance and maintain the value of our brand;
- establish an efficient and reliable primary source verification system and procedure to enable our medical credentialing solution to meet increasing needs for fast turnaround times;
- compete effectively with other providers of medical credentialing solutions and services;
- navigate an evolving regulatory environment;
- develop features and functions that effectively address the needs of LoCs and medical staff subscribers in the realms of medical credentialing;
- grow our subscriber base and enhance our subscriber engagement in a cost-efficient manner;
- develop or implement additional strategic initiatives to enhance monetization;
- maintain a reliable, secure, high-performance and scalable technology infrastructure;
- maintain our innovative corporate culture and continue to attract, retain and motivate talented employees; and
- defend ourselves against litigation, regulatory interference, or claims concerning intellectual property, privacy or other aspects of our business.

If we fail to address any of the foregoing risks and challenges, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

The short operating track record of our medical credentialing solution makes it difficult to assess our future prospects or forecast our future results. We incurred considerable expenses for the research and development of our medical credentialing solution. We also allocated substantial operational and financial resources to market and promote our medical credentialing solution with the expectation of making it one of our revenue engines. We cannot assure you that our medical credentialing solution could gain the same popularity as our vendor credentialing solution, or gain popularity at all. In either circumstance, we may not recoup our investments, and our business, financial condition and results of operations may be materially and adversely affected.

Security breaches and attacks against our systems and network, and any potential resultant breach or failure to otherwise protect confidential and proprietary information, could damage our reputation, subject us to liability claims and penalties, and adversely affect our business, financial condition and results of operations.

Security breaches and attacks may target us, our subscribers, or the information infrastructure on which we depend. Although we have employed significant resources to develop measures against security breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering or other breaches, attacks and disruptions that may jeopardize the security of information and data stored in and transmitted through our systems or that we otherwise maintain. Security breaches and attacks could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of subscriber information, or a denial-of-service or other interruption to our business operations. During the Track Record Period, we had not been subject to these types of attacks that would have had material and adverse effect on our business operations. However, there can be no assurance that we would not in the future be subject to such attacks that may result in material damages or remediation costs. In addition, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Techniques used to obtain unauthorized access to or sabotage systems are evolving and may not be known until or even when launched against us. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction.

We may not be able to keep up with rapid technological changes and may be driven out of competition.

The industries in which we operate evolve in response to rapidly changing technology, subscriber demands, industry standards, regulatory requirements and introductions of new solutions. These changes and developments may require us to continue to innovate, and failure to do so could have a material adverse effect on our business, financial condition and results of operations. The introduction of new technology and the emergence of new industry standards may render our solutions obsolete and uncompetitive. Accordingly, our future success will depend on our ability to

RISK FACTORS

adapt to rapidly changing technologies, to adapt our solutions to the evolving industry standards and continually improve the know-how of our employees in response to evolving demands of the marketplace. Failing to adapt to such changes could have a material adverse effect on our business.

If we are unable to conduct our sales and marketing activities cost-effectively, our business, financial condition, and results of operations could suffer.

We have incurred significant expenses on a variety of different sales, marketing and brand promotion efforts designed to enhance our brand recognition and increase our population of paying subscribers. In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, our selling and marketing expenses amounted to approximately US\$4.3 million, US\$4.1 million, US\$3.3 million, US\$2.6 million and US\$3.7 million, respectively, representing approximately 14.3%, 13.3%, 10.5%, 10.0% and 13.0% of our total revenue, respectively. However, our sales and marketing efforts, especially brand promotion activities, may not be well received by LoCs, vendor subscribers and medical staff subscribers and may not result in the levels of adoption or sales that we anticipate. Meanwhile, sales and marketing approaches in the credentialing markets are evolving, which may further require us to reconsider our sales and marketing strategies and experiment with new sales and marketing methods to keep pace with industry developments and subscriber preferences. Failure to refine our existing sales and marketing approaches or to introduce new sales and marketing approaches in a cost-effective manner could reduce our brand recognition and market share, and materially and adversely affect our financial condition, results of operations and profitability.

If our solutions do not engage subscribers, or if we fail to provide superior user experience, our business and reputation may be materially and adversely affected.

Our business is highly dependent on the receptiveness of our subscribers to our solutions and services as well as their willingness to use our platform. We believe that their degree of receptiveness to our solutions and services depends on a number of factors, including the demonstrated trustworthiness, reliability and efficacy of our offerings compared to those of our competitors, turnaround time, cost-effectiveness, convenience and customer service. In addition, negative publicity concerning our solution or credentialing solution providers as a whole could limit market acceptance of our solution or to credentialing solutions as a whole. Meanwhile, there can be no assurance that our efforts and ability to demonstrate to our subscribers the value of our solutions and the relative benefits of our solutions and services over those of our competitors would be successful. If we fail to achieve an adequate level of acceptance by our subscribers, or if our solutions or services do not drive subscriber engagement, our business may not develop as expected, or at all, and our business, financial condition or results of operations may be materially and adversely affected.

The success of our business also hinges on our ability to provide superior user experience, which depends on our ability to continue to deliver verified information, to maintain stable access to our platform, to source add-on services that cater to subscribers' demands, and to provide convenient yet reliable payment options, among others. Such ability depends on a variety of factors, some of which are beyond our control. In addition, we rely on our in-house customer service teams

RISK FACTORS

to provide assistance to our subscribers. If our customer service representatives fail to provide satisfactory service, or if waiting times are too long due to high volume of inquiries from our subscribers at peak times, our brand and subscriber loyalty may be adversely affected. Moreover, any negative publicity or poor feedback on our customer service may harm our brand and reputation and, in turn, cause us to lose customers and market share.

Meanwhile, we have been enhancing our technological capabilities and developing a number of technologies to support our community. If we experience problems with the functionality and effectiveness of our technologies in the course of development, or if we are unable to continually improve our technologies to handle our business needs and the needs of our subscribers as expected, our business, financial condition, results of operations, prospects and reputation could be materially and adversely affected.

We may not be able to manage the growth of our business and operations or implement our business strategies on schedule or within our budget, or at all.

Our business has become increasingly complex in terms of both the diversity of our offerings and scale of the platform we operate. Any expansion may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully. If we are not able to manage the growth of our business and operations or implement our business strategies on schedule or within our budget, or at all, our business and prospects may be materially and adversely affected.

We are also continually executing a number of growth initiatives, strategies and operating plans designed to enhance our business. See “Business — Our Strategies.” These expansion initiatives will expose us to additional risks, including, among other things, difficulties with managing operations, securing sufficient capital and recruiting capable personnel. If we are unable to effectively avoid or mitigate these risks, our ability to expand our business to new market segments will be affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, the anticipated benefits from these efforts are based on assumptions that may prove to be inaccurate, and thereby we may not be able to successfully complete these growth initiatives, strategies and operating plans and realize any or all of the benefits that we expect to achieve or it may be more costly to do so than we anticipate. If, for any reason, the benefits we realize are less than our estimates, or the implementation of these growth initiatives, strategies and operating plans adversely affects our operations or costs more or takes longer to effectuate than we expect, or if our assumptions prove inaccurate, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

Our business expansion to new geographical regions and jurisdictions may not be successful.

As one of our business strategies, we expect to further expand our business into new geographical regions and jurisdictions. In expanding our geographical markets, we will enter into markets in which we have limited, or no, operating experience. As a result, we may not succeed in such new markets. Such expansion may continuously subject us to risks and challenges inherent in operating in new markets, including but not limited to:

- inability to attract subscribers due to our limited coverage and brand recognition in such new markets;
- lower-than-expected demand and lack of acceptance by local subscribers of, or compatibility issues with, our services;
- reputational concerns arising from dealing with LoCs and other healthcare industry users who are less familiar with us and who may lack experience in and exposure to credentialing or credentialing platforms for compliance and security purposes in the healthcare industry;
- insufficient experience, expertise and skills in establishing and managing businesses in a new market and dealing with new subscribers and business partners;
- higher sales and marketing costs resulting from the efforts required to introduce our brand into new markets;
- possibility of cost overruns and other operating difficulties in territories in which we are unfamiliar;
- lack of management resources, difficulties in recruiting and retaining qualified personnel, as well as potential increases in labor costs;
- failure to obtain and renew government approvals, permits or licenses in a timely manner or at all;
- difficulties in complying with local legal and regulatory requirements, including labor, industrial and tax regulations;
- failure to make accurate analysis or judgment of market conditions of new markets;
- failure to obtain sufficient financing from internal and external sources to support our expansion;
- limited protection for intellectual property rights;
- difficulty in implementing internal control and risk management policies in new markets;
- failure to enhance our risk management capabilities and IT systems in a timely manner to support a broader range of geographical markets;

RISK FACTORS

- lack of understanding of the local cultural, commercial and operating environment, as well as the financial, management or legal systems in the relevant jurisdictions; and
- political, regulatory or macroeconomic environment and potential foreign exchange differences in new markets.

If we are unable to manage the risks resulting from, or if we are unable to achieve the expected results with respect to, our expansion into new markets, our business, reputation, financial condition and results of operations may be materially and adversely affected.

Our technologies are complex and may contain undetected errors or may not operate properly, which could adversely affect our business, financial condition and results of operations.

Our technology platform provides our subscribers with the ability to conduct a variety of actions, and is essential to the operations of our business and the delivery of our solution. Developing and refining the technologies may be time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we may discover additional problems after the launch of our technologies that prevent them from operating properly or as expected, and consequently adversely affect our information infrastructure and other aspects of our business where our technologies are applied. Therefore, our solutions and services may develop or contain undetected defects or errors. Furthermore, material performance problems, defects or errors in our solutions and services may also result from the interface between our solution and the systems of third parties that we did not develop, and the function of which is beyond our control or goes undetected in our testing.

These defects and errors, and any failure by us to identify and address them, could result in loss of subscriber satisfaction, leading to a loss of revenue or market share, diversion of development resources to address the defects and errors, harm to our reputation and increased service and maintenance costs. Malfunction of our platform and failure to achieve our subscribers' expectations in terms of performance will discourage existing or potential customers from continuing to utilize or adopting our platform. Correction of defects or errors could prove to be impossible or impracticable. The costs incurred in correcting any defects or errors may be substantial. Any of such consequences could have a material adverse effect on our business, financial condition and results of operations.

We rely on third parties for the IT infrastructure and important processing functions for providing services to our subscribers, and any failure or interruption in or withdrawal of the services provided by these third parties could lead to a material disruption in our operations, expose us to litigation and negatively impact our relationships with subscribers, materially and adversely affecting our brand and our business.

Our ability to maintain stable access to our platform and maintain superior user experience is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of payment processing, server and data hosting and a reliable network backbone with the necessary speed, data capacity,

RISK FACTORS

and security for providing reliable Internet access and services as well as reliable telephone and facsimile systems. We rely on third-party suppliers, including bandwidth and telecommunications equipment providers, server and data hosting service providers and payment processing companies. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss, and other natural disasters;
- communications failures;
- software and hardware errors, failures, and crashes;
- security breaches, computer viruses; and
- similar disruptive problems, and other potential interruptions.

We exercise limited control over these third-party suppliers, which increases our vulnerability to problems with services they provide. Our services are designed to operate without interruption in accordance with our service level commitments. In the event of a catastrophic event with respect to one or more of the IT infrastructure systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with subscribers. For example, in February 2017, our business was disrupted for three hours due to a service outage within AWS, where we host the servers and infrastructure of our technology platform. The incident did not result in any loss of data or direct monetary loss. See “Business — Risk Management and Internal Control — Operational Risk Management.” However, we cannot exclude the possibility that more severe failures in AWS and other suppliers in reliance on which we structured our platform may happen in the future. Their failure to maintain stable technology service to us may affect our ability to provide high-quality user experience to our subscribers, which in turn may adversely affect our subscribers’ receptiveness to, and willingness to utilize, our solutions and may damage our reputation and cause us to lose subscribers.

Consolidation in the healthcare industry, such as large healthcare provider systems, medical vendors and doctors’ associations, could result in the loss of existing subscribers and a reduction in our potential subscriber base, which would adversely affect our results of operations.

The development of the vendor credentialing and medical credentialing industries correlates to changes in the competitive landscape in the healthcare industry, which could limit our revenue, profitability and opportunities for growth. There has been increasing consolidation amongst healthcare industry participants in recent years. Reassessment of service providers of the entities to be merged may be expected when there is consolidation of healthcare industry participants to form larger healthcare systems. As a result, we may encounter difficulties in making initial sales of our platform to, or maintain relationships with, newly formed large healthcare provider systems that are replacing or substantially modifying their credentialing practices, or even creating their own credentialing platforms. Generally speaking, healthcare provider systems with a considerable number of LoCs have the ability to conduct vendor credentialing and medical credentialing in-house, and thus have less incentive to outsource these matters to third parties. Therefore,

RISK FACTORS

consolidation of LoCs may cause an existing LoC on our platform to exit and undermine our outreach to potential LoCs. If we lose LoCs on our platform or become unable to further expand our LoC network, we may suffer from loss of our paying subscribers who transact with these LoCs, and our business and results of operation could be materially and adversely affected.

Moreover, consolidated industry participants may try to use their increased market power to negotiate price reductions for our solutions and services. For example, single companies employing a large number of our paying subscribers could form through consolidation of pharmaceutical companies or medical device companies, and size would empower them with strong leverage in bargaining for group discounts for vendor credentialing fees. Consequently, we may be forced to reduce the price of our solutions, which could adversely affect our profitability, business and results of operations.

Changes in healthcare industry practices and dynamics may negatively affect our ability to retain our paying subscribers and the feasibility of our business model.

Our business model is designed based upon the current common practices and dynamics among the users within the healthcare industry. For example, our vendor credentialing solution involves the participation of LoCs, vendor representatives and their employers. Once our platform is adopted by an LoC, vendor representatives who wish to work with such LoCs need to apply for access privileges to the LoCs through our platform. We generate revenue from the membership fees paid by or on behalf of such vendor representatives, whose employers may pay on their behalf or reimburse them. Furthermore, we structured our fee model for the medical credentialing solution because most medical staff in the healthcare industry are not employed by LoCs. LoCs have limited knowledge of, and control over, such medical staff. Therefore, LoCs must review the credentials of medical staff, including education, license, specialty and clinical experience, among others, before granting access privileges for them to practice in the LoCs. There is no assurance that the dynamics between LoCs, vendor representatives and vendor companies, or those between medical staff and LoCs, would remain unchanged. If the vendor companies no longer pay membership fees or reimburse the costs for credentialing due to regulatory or economic reasons, fewer vendor representatives may be willing to pay for our membership. It is also possible that an increasing number of medical staff become in-house practitioners or employees of LoCs, and thus fewer LoCs will need to rely on third-party credentialing companies to check credentials of medical staff, which could result in a loss of paying subscribers for our medical credentialing solution. In such circumstances, the changes in industry practices and dynamics may negatively affect our ability to retain our paying subscribers and render our business model infeasible. If we fail to adapt our business model to these changing industry dynamics and practices, our business, financial condition, results of operation and prospects could be materially and adversely affected.

We may be subject to litigation and regulatory proceedings, and may not always be successful in defending ourselves against such claims or proceedings.

Our business operations entail litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to disputes, fraud and misconduct, control procedures deficiencies, as well as the protection of personal and confidential information of our subscribers, among others.

RISK FACTORS

We may be subject to claims and lawsuits in the ordinary course of our business and involved in disputes with business partners and our employees. During the Track Record Period and as of the date of this prospectus, we settled a litigation arising out of business negotiation with a potential business partner and are currently facing a lawsuit filed against us by a former employee. See “Business — Legal Proceedings and Compliance — Legal Proceedings — Dispute with a Former Employee” for details. Furthermore, we may be subject to claims and lawsuits from subscribers of our platform. Our standard terms of use contain provisions designed to limit our exposure to claims, including disclaimers and clauses relating to exclusion and limitations of our liabilities. However, such provisions may not effectively protect us against claims and the liabilities and costs associated with such claims. Moreover, we may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our Directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations, reputation and prospects.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as business interruption insurance, product liability insurance, employers’ liability insurance, cyber security insurance and errors & omission insurance. However, we may not be able to acquire insurance policies for all of our operations. Moreover, our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. Any business disruption, litigation, regulatory action, outbreak of epidemic disease or natural disaster could also expose us to substantial costs and diversion of resources. Furthermore, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost, that our current insurance coverage covers the types of loss we may face adequately or at all, or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to certain financial covenants which require us to maintain certain financial conditions and we may breach such covenants. If we fail to renegotiate the terms in our favor, our business, results of operations, financial condition and liquidity may be materially and adversely affected.

We may be, from time to time, subject to certain financial covenants which require us to maintain certain financial conditions under bank facilities to fund our business operations and potential acquisitions, among other things. We cannot assure you that we can maintain compliance with these covenants. If we are unable to renegotiate the terms with the lender(s) in our favor, the lender(s) may elect to declare all amounts outstanding to be immediately due and payable and

RISK FACTORS

terminate all commitments to extend further credit to us. We may be forced to make further reductions in spending, liquidate assets where possible and/or curtail, suspend or cease planned operations and business expansions, which would have a material adverse effect on our business, financial position, liquidity and prospect.

We may not be able to effectively detect or prevent fraud or other misconduct committed by our subscribers or third parties in our verification process. Any such failure could damage our reputation and adversely affect our business, financial condition, results of operations and prospects.

Our vendor credentialing solution relies on the vendor subscribers' self-attestation as to truthfulness and accuracy of the documents and information provided by them. In medical credentialing, our primary verification is limited to the LoC's policy and to the accuracy of the information submitted to primary source bodies such as license information, sanctions, education, insurance and boards. We also process documentation related to immunization certification, drug and antibody test results and radiation exposure levels directly from third-party service providers. Fraud or other misconduct by our subscribers or those third-party service providers may be difficult to detect or prevent, and precautions we take to prevent and detect such activities may not be effective. For example, we may be unable to identify a falsified and fraudulent document uploaded by our subscribers promptly, or at all. Moreover, our third-party service providers may transmit documentation with inaccurate information or manipulated or incorrect test results as a result of their system failures or misconduct of their employees, which are beyond our control. Furthermore, it is not always possible to detect and prevent fraud or other misconduct committed by our employees, such as failure to verify a document properly in accordance with our established standards. Any of these circumstances could result in information made available on our platform being incorrect, and subject us to liability claims by our affected subscribers while seriously damaging our reputation. For example, if we fail to detect fraud committed by medical staff subscribers in the submission of their credentials for verification, we may lose trust from existing and potential LoCs using our medical credentialing solution and may face liability claims by the affected LoCs. These liability claims could arise because the undetected fraud may result in the LoCs improperly certifying to payers, such as Medicare, their compliance with applicable conditions of participation under the Medicare regime. Such failure could subject the LoCs to recoupment of funds received and additional sanctions or penalties as described in "Regulation — Relevant Laws and Regulations of the United States — Regulations, Standards and Guidelines on Healthcare Credentialing." If that occurs, we could be subject to claims by the LoCs to the extent it involves our acts or omissions. We have not been subject to any of such claims during the Track Record Period, but there is no assurance this will not occur in the future. This may also impair our ability to effectively attract prospective subscribers, retain existing subscribers, develop customer loyalty, obtain financing on favorable terms and conduct other business activities, which may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We have acquired companies and formed a joint venture, and may engage in future acquisitions, joint ventures and other investments, which may be expensive, time-consuming, subject to inherent risks and from which we may not realize anticipated benefits.

In order to expand our business and grow our market share and subscriber base, we have made past acquisitions, and may continue to seek and complete strategic business acquisitions and other combinations, that we believe are complementary to our business. However, acquisitions and other investments have inherent risks which may have a material adverse effect on our business, results of operations, financial condition or prospects. For example, we acquired certain assets from VendorLink in 2014 with the hope of extensively expanding our vendor credentialing business in Canada. However, our business in Canada did not grow as expected because the integration of the business and management did not reach our expected level by the end of 2016. See “History, Reorganization and Development — Major Acquisitions — VendorLink.” As a result, the goodwill and related intangible assets related to the acquisition were fully impaired in 2016. The inherent risks of acquisitions include, but are not limited to:

- failure to successfully integrate the business and financial operations, solutions and services, intellectual property, information systems, data and personnel of an acquired business and to maintain uniform standard controls, policies and procedures;
- the possibility that staff or customers of the acquired company might not accept new ownership and may transition to different technologies or attempt to renegotiate contract terms or relationships;
- the possible adverse effect of such acquisitions on existing relationships with the business partners and suppliers of technologies and services;
- failure to achieve projected synergies and performance targets;
- diversion of our management’s attention from other business concerns;
- entry into markets in which we have little or no direct prior experience;
- the possibility that the due diligence process in any such acquisition may not completely identify material issues associated with service quality, product architecture, product development, intellectual property issues, regulatory risks, compliance risks, key personnel issues or legal and financial contingencies, including any deficiencies in internal controls and procedures and the costs associated with remedying such deficiencies;
- potentially dilutive issuances of our securities and the incurrence of debt and contingent liabilities and amortization expenses related to intangible assets;
- adverse impact on interest or investment income if using cash;
- incurrence of debt or assumption of known and unknown liabilities;

RISK FACTORS

- write-off of research and development costs, goodwill, customer lists and amortization of expenses related to intangible assets; and
- accounting deficiencies that could arise in connection with, or as a result of, the acquisition of an acquired company, including issues related to internal control over financial reporting and the time and cost associated with remedying such deficiencies.

If we fail to successfully integrate acquired businesses, fail to implement our business strategies with respect to these acquisitions or fail to identify issues with the acquired companies or businesses prior to completion of the acquisition, we may not be able to achieve projected results or support the amount of consideration paid for such acquired businesses.

Furthermore, in May 2018, we formed a joint venture in China planning to provide credentialing services to vendors and medical staff. See “History, Reorganization and Development — Our Principal Subsidiaries — IntelliCentrics HK and Our Joint Venture in China” for details. Investments in the joint venture are subject to risks similar to those applicable to acquisitions. We cannot assure you that we will be able to recoup our anticipated results from our investments in the future.

We deliver our add-on services by partnering with third-party suppliers who are not under our control. If these suppliers terminate their cooperation with us, or they cooperate with our competitors, or if the add-on services provided by them are defective or fail to meet the required standards, we may lose a competitive advantage, our reputation could be damaged, and our business and results of operations could be materially and adversely affected.

We deliver our add-on services, including online training, radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral, among others, by partnering with third-party suppliers. However, we are not able to control the quality of service provided by our suppliers, and most of our agreements with these third-party suppliers are non-exclusive and subject to terminations and renewals. If these suppliers terminate their cooperation with us, or they cooperate with our competitors, or if the services provided by them are defective or fail to meet the required standards, we may lose a competitive advantage in our credentialing solutions, our reputation could be damaged, and our business and results of operations could be materially and adversely affected. We may also be subject to legal proceedings initiated by aggrieved subscribers in respect of defects, mistakes or breaches of personal privacy as a result of the failure of third parties or the misconduct of their employees. In such event, we may need to incur additional costs to settle or defend these claims or legal actions which could have a material adverse effect on our reputation and financial condition.

We have a limited number of key suppliers, and any failure or interruption of the services provided by these suppliers may adversely affect our business and results of operations.

We have a limited number of key suppliers. In 2015, 2016, 2017 and the ten months ended October 31, 2018, purchases from our five largest suppliers accounted for approximately 99.9%, 99.4%, 89.6% and 86.3%, respectively, of our total purchases for the same periods. Our five largest

RISK FACTORS

suppliers included credit card and payment processing companies and suppliers of services in relation to our add-on services. In particular, purchases from credit card and payment processing companies accounted for approximately 81.1%, 81.5%, 70.9% and 59.1%, respectively, in 2015, 2016, 2017 and the ten months ended October 31, 2018, of our total purchases for the same periods. Any errors, failures, interruptions or delays experienced in connection with these services provided by the suppliers could negatively impact our relationships with subscribers and lead to a material disruption in our operations, which may adversely affect our business and results of operations.

If large Internet companies, software companies or other large companies tap into the markets where we operate and compete with us on subscriber base and pricing, we may be unable to compete effectively, and our profit margin, results of operations and prospects would be materially and adversely affected.

Our potential competitors are primarily large Internet companies, software companies and other large companies which are willing to tap into the vendor credentialing and medical credentialing markets. Such potential competitors may have, in addition to an established massive subscriber base, a longer track record, a better-known brand and greater marketing, and more technological and personnel resources than we do to serve users within the healthcare industry. Additionally, many of such potential competitors may be better capitalized than us and able to obtain capital more easily and at a lower cost. These larger and better capitalized competitors would be better able to respond to changes in the industry, to adopt more aggressive pricing policies, to compete for skilled professionals, to fund internal growth, to finance acquisitions, to manage costs and expenses and to compete for market share generally. Potential competition with these larger and better capitalized competitors could place us at a competitive disadvantage and result in price reductions, reduced margins or loss of market share, any of which could materially adversely affect our business, results of operations and financial condition. Accordingly, we cannot guarantee that we will be able to compete effectively with potential competitors or that such competition will not significantly harm our business.

Our performance depends on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business.

Our future success is significantly dependent upon the continued service of key management and experienced and capable personnel. If we lose the services of any such management or personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, therefore materially and adversely affecting our business, financial condition, results of operations and prospects.

Meanwhile, the size and scope of our subscriber community may require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels, including qualified engineers and customer service representatives,

RISK FACTORS

as we expand our business and operations. Competition for talent in this market is intense, and the availability of suitable and qualified candidates is limited. We may also experience difficulties in identifying suitably qualified individuals to lead our teams in our new markets. Competition for these individuals could mean we may need to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, there can be no assurance that these individuals would choose to join, or continue working for, us.

We may need additional capital as we grow and expand our business but may not be able to obtain sufficient capital in time, on commercially acceptable terms or at all.

We may require additional cash resources due to operating losses or future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operation, cash flow, share price performance, liquidity of international capital and lending markets, and regulations and government policies. In addition, incurring indebtedness would subject us to increased debt servicing obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms that are commercially acceptable to us, or at all. Any failure to obtain sufficient capital in such manner could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations.

If we are required to recognize impairment losses for goodwill, our business, results of operations and financial condition would be negatively affected.

As of December 31, 2015, 2016 and 2017 and October 31, 2018, we had goodwill amounting to US\$9.5 million, US\$8.5 million, US\$8.5 million and US\$8.5 million, respectively, as a result of acquisitions we have completed. If we determine goodwill is impaired, we will be required to write down all or a portion of such asset. We test annually whether goodwill has suffered any impairment. The value of goodwill is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss. Any significant impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to goodwill, see Note 2.5 to the Accountant's Report in Appendix I to this prospectus and "Financial Information — Critical Accounting Policies — Impairment of Goodwill and Other Intangible Assets." For a detailed discussion on the impairment testing, sensitivity and headroom on how changes in the valuation parameters will affect the impairment assessment for the cash-generating unit containing the goodwill, see Note 16 to the Accountant's Report in Appendix I to this prospectus and "Financial Information — Discussion of Certain Key Balance Sheet Items — Intangible Assets." During the Track Record Period, we had recognized an impairment loss for goodwill of US\$1.0 million in 2016. Such impairment loss represented the full impairment of goodwill in connection with the

RISK FACTORS

asset acquisition of VendorLink in Canada, primarily due to our management's decision to change business strategies in Canada in light of the underperformance of our vendor credentialing business there subsequent to the acquisition. See "Financial Information — Results of Operations — Year Ended December 31, 2016 Compared with Year Ended December 31, 2015 — Other Losses, Net" and "— We have acquired companies and formed a joint venture, and may engage in future acquisitions, joint ventures and other investments, which may be expensive, time-consuming, subject to inherent risks and from which we may not realize anticipated benefits." We cannot assure you that we will not recognize any significant impairment loss for goodwill in future periods.

If we are required to recognize impairment losses for intangible assets other than goodwill, our business, results of operations and financial condition would be negatively affected.

As of December 31, 2015, 2016 and 2017 and October 31, 2018, we had intangible assets other than goodwill ("other intangible assets") amounting to US\$4.6 million, US\$3.5 million, US\$3.3 million and US\$4.5 million, respectively, primarily representing (i) customer relationships as a result of acquisitions we have completed and (ii) capitalization of our development expenditures. If we determine other intangible assets are impaired, we will be required to write down all or a portion of these assets. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The value of other intangible assets is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of other intangible assets and record a significant impairment loss. Any significant impairment of other intangible assets could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to other intangible assets, see Note 2.5 to the Accountant's Report in Appendix I to this prospectus and "Financial Information — Critical Accounting Policies — Impairment of Goodwill and Other Intangible Assets." During the Track Record Period, we had recognized impairment losses for other intangible assets of US\$0.7 million in 2015 and US\$0.6 million in 2016, respectively. Such impairment loss in 2015 was for RepTrax, the older version of our system, which was fully replaced by our current SEC³CURE platform. Such impairment loss in 2016 represented the full impairment of customer relationships in connection with the asset acquisition of VendorLink in Canada, primarily due to our management's decision to change business strategies in Canada in light of the underperformance of our vendor credentialing business there subsequent to the acquisition. See "Financial Information — Results of Operations — Year Ended December 31, 2016 Compared with Year Ended December 31, 2015 — Other Losses, Net" and "— We have acquired companies and formed a joint venture, and may engage in future acquisitions, joint ventures and other investments, which may be expensive, time-consuming, subject to inherent risks and from which we may not realize anticipated benefits." We cannot assure you that we will not recognize any significant impairment loss for other intangible assets in future periods.

RISK FACTORS

If the protection of our intellectual property is inadequate, our competitors may gain access to our technology or confidential information and we may lose our competitive advantage.

Our success depends in part upon our ability to protect our brand, core technology and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, copyrights and trademarks, as well as customary contractual protections.

We utilize a combination of internal and external measures to protect our proprietary technology and confidential information. Such measures include contractual protections with employees, contractors, members and partners, as well as applicable copyright laws and trademark laws. We protect our intellectual property pursuant to customary contractual protections in our terms and conditions with subscribers that impose restrictions on the usage of our platform. We also seek to avoid unauthorized disclosure of our intellectual property by relying on internal policies applicable to our employees and consultants that acknowledge our ownership of all intellectual property developed by the individual during the course of his or her work with us. We also enter into agreements with our employees and consultants with provisions requiring each person to maintain the confidentiality of all proprietary information disclosed to them and to adhere to our internal policies. Notwithstanding the implementation of these measures, we cannot give any assurance that such parties will comply with the terms of these agreements and policies, and we may not be able to enforce our rights adequately against these parties. The disclosure to, or independent development by, a competitor of any trade secret, know-how or other technology not protected by a patent could materially adversely affect any competitive advantage we may have over any such competitor.

These protections may not be adequate, and we cannot assure you that they will prevent misappropriation of our intellectual property. Other companies could independently develop similar or competing technology without violating our proprietary rights. The process of enforcing our intellectual property rights through legal proceedings would likely be burdensome and expensive, and our ultimate success cannot be assured. Our failure to adequately protect our intellectual property and proprietary rights could adversely affect our business, financial condition and results of operations.

If we are deemed to infringe, misappropriate or violate the proprietary rights of third parties, we could incur unanticipated expenses and be prevented from providing our services.

We could be subject to intellectual property infringement, misappropriation or other intellectual property violation claims as our solutions' functionality overlaps with competitive solutions, and third parties may claim that we do not own or have rights to use all intellectual property rights used in the conduct of our business. We do not believe that we have infringed or are infringing on any valid or enforceable proprietary rights of third parties as of the Latest Practicable Date. However, we cannot assure you that infringement, misappropriation or claims alleging intellectual property violations will not be asserted against us. Also, we cannot assure you that any such claims will be unsuccessful. We could incur substantial costs and diversion of management resources defending any such claims. Furthermore, a party making a claim against us could secure a judgment awarding substantial damages, as well as injunctive or other equitable relief that could

RISK FACTORS

effectively block our ability to provide services. In addition, we cannot assure you that licenses for any intellectual property of third parties that might be required for our services will be available on commercially reasonable terms, or at all. Such claims also might require indemnification at significant expense by us.

Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have limited visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. In addition, third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to such acquisition.

Our use of open source software could adversely affect our ability to operate our platform and subject us to possible litigation.

The products or technologies acquired, licensed or developed by us may incorporate so-called open source software, and we may incorporate open source software into other products in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General Public License, “Apache-style” licenses, “Berkeley Software Distribution,” “BSD-style” licenses and other open source licenses. There is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, and therefore the potential impact of these terms on our business is unknown and may result in unanticipated obligations regarding our products and technologies. For example, we may be subject to certain conditions, including requirements that we offer our products that use particular open source software at no cost to the subscriber, that we make available the source code for modifications or derivative works we create based upon, incorporating or using the open source software, and/or that we license such modifications or derivative works under the terms of the particular open source license.

If an author or other party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal costs defending ourselves against such allegations. If our defenses were not successful, we could be subject to significant damages, be enjoined from the distribution of our products that contained the open source software, and be required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our products. In addition, if we combine our proprietary software with open source software in a certain manner, under some open source licenses, we could be required to release the source code of our proprietary software, which could substantially help our competitors develop products that are similar to or better than ours.

If we fail to maintain adequate internal controls, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective or

RISK FACTORS

inadequate for our expanded operations, and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts to improve our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

We rely on assumptions and estimates to calculate certain key operating metrics, and inaccuracies in such metrics may harm our reputation and adversely affect our business.

Certain key operating metrics in this document are calculated using our internal data that have not been independently verified by third parties. While these numbers are based on what we believe to be reasonable calculations for the relevant operating metrics, there are inherent challenges in measuring usage and subscriber engagement across our large subscriber base. In addition, our key operating metrics are derived and calculated based on different assumptions and estimates, and you should be cautious about such assumptions and estimates when assessing our operating performance.

Our measures of subscriber growth and subscriber engagement may differ from estimates published by third parties or from similarly titled metrics used by our competitors due to differences in data availability, sources and methodology. If third parties do not perceive our subscriber metrics to be accurate representations of our subscriber base or subscriber engagement, or if we discover material inaccuracies in our subscriber metrics, our reputation may be harmed and third parties may be less willing to allocate their resources or spending to us, which could adversely affect our business and operating results.

RISKS RELATING TO CONDUCTING BUSINESS IN MULTIPLE COUNTRIES

Economic, political and social conditions and government policies in the United States, Canada and the United Kingdom could affect our business and prospects.

In addition to the United States, where we generate a majority of our revenue and net profit, we conduct operations in Canada and the United Kingdom and are subject to the laws and regulations, government policies and economic, social and political conditions of those jurisdictions. For example, in June 2016, a referendum was passed in the United Kingdom to leave the European Union, commonly referred to as “Brexit.” This created an uncertain political and economic environment in the United Kingdom and other European Union countries, even though the formal process for leaving the European Union may take years to complete. Furthermore, our future growth depends significantly on our ability to expand into markets outside of the United States, Canada and the United Kingdom. We are exposed to a number of additional risks by operating outside of the U.S. market and seeking to expand to additional markets, including, among others:

- exposure to local economic and political conditions;

RISK FACTORS

- unexpected changes in laws and regulations (or the interpretations thereof), government policies, and trade or monetary or fiscal policies, including interest rates, foreign currency exchange rates, foreign exchange control, changes in the rate of inflation, foreign investment, company organization and management, business, tax and trade;
- social plans that prohibit or increase the cost of certain restructuring actions;
- tariffs, quotas, customs and other import or export restrictions and other trade barriers;
- difficulty of enforcing agreements, collecting receivables and protecting assets;
- reduced intellectual property protections;
- limitations on repatriation of earnings;
- withholding or other taxes on remittances and other payments by subsidiaries, or industry-specific taxes and fees;
- investment restrictions or requirements;
- violence and civil unrest;
- changing labor conditions and difficulty in staffing our international operations;
- differences in consumer preferences;
- legal and regulatory differences and the burdens and costs of our compliance with a variety of foreign laws;
- increases in taxes which we are obliged to pay and other differences in applicable tax laws; and
- political events, domestic or international acts of terrorism and hostilities or complications due to natural or nuclear disasters.

These uncertainties could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks related to currency fluctuations and regulation.

Due to its geographical diversity, our business is subject to the risk of exchange rate fluctuations. Our reporting currency is the U.S. dollar. Because a portion of our revenues and expenses are currently denominated in foreign currencies, including the Canadian dollar and British pound sterling, which we translate into U.S. dollars for financial reporting purposes, we are exposed to foreign exchange rate risk. Changes in exchange rates on the translation of foreign currencies into U.S. dollars are directly reflected in our financial results. In addition, to the extent our liabilities and assets are not denominated in the same currency, we could experience further exposure to exchange rate fluctuations.

RISK FACTORS

We are subject to tax risks related to our multinational operations.

Our business and operations are subject to the tax laws and regulations of the countries and markets in which they are organized and in which they operate. As a result, we face uncertainties in the taxation of cross-jurisdiction operations. For example, we are subject to sales, use or other taxes on taxable transactions in states or foreign jurisdictions in which we have employees or have a significant level of sales activity. However, other states or foreign jurisdictions may have a different approach in taxation and seek to impose tax collection obligations on companies like us that engage in online commerce, which could limit our ability to realize profit from our services provided over our online platform.

Furthermore, changes in tax laws, tax regulations or interpretations of such laws or regulations may have a material adverse effect on our business, financial condition and results of operations. Such changes also could materially reduce our ability to secure paying subscribers. For example, an increase in corporate tax rates could increase the amounts of tax that we pay. We cannot predict whether any tax laws or regulations impacting corporate taxes will be enacted, what the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There is no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to the Global Offering, there has been no public market for our Shares. We cannot assure you that an active trading market for our Shares will develop and be sustained following the Global Offering. In addition, the initial issue price range for our Shares was the result of negotiations between our Company and the Joint Global Coordinators, and the Offer Price may differ significantly from the market price of our Shares following the completion of the Global Offering. We have applied for the listing of and permission to deal in our Shares on the Hong Kong Stock Exchange. The Listing on the Hong Kong Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, that it will be sustainable following the Global Offering or that the market price of our Shares will not decline after the Global Offering.

Furthermore, the price and trading volume of our Shares may be volatile. The following factors, among others, may cause the market price of our Shares after the Global Offering to vary significantly from the Offer Price, some of which are beyond our control:

- variations in our revenue, earnings and cash flow;
- unexpected business interruptions resulting from events such as natural disasters or epidemics;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;

RISK FACTORS

- our inability to compete effectively in the market;
- political, economic, financial and social developments in the territories in which we operate, the markets where our Shares are traded and generally in the global economy;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

In addition, there may not be many comparable companies listed on the Hong Kong Stock Exchange, if at all. Therefore, investors may not have sufficient comparable company information with which to value our company.

Our Controlling Shareholders have substantial influence over the Company and their interests may not be aligned with the interests of our other Shareholders.

Immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon exercise of the Over-Allotment Option), our Controlling Shareholders will collectively beneficially own 64.36% of the issued share capital of our Company. For details about our Controlling Shareholders, see "Relationship with Our Controlling Shareholders." Therefore, our Controlling Shareholders have substantial influence over our business, including matters relating to our management and policies and decisions regarding mergers, expansion plans, business consolidation, the sale of all or substantially all of our assets, the election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, other actions or make decisions which conflict with the best interests of our other Shareholders.

Future issuances or sales, or perceived issuances or sales, of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares and our ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, including by our Controlling Shareholders, or the issuance of new Shares by us, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to us, and our Shareholders may experience dilution in their holdings upon the issuance or sale of additional securities in the future.

RISK FACTORS

The market price of our Shares when trading begins could be lower than the Offer Price.

The initial price to the public of our Shares sold in the Global Offering is expected to be determined on or about Thursday, March 21, 2019, and in any event not later than Monday, March 25, 2019. Until the trading in our Shares commences on the Hong Kong Stock Exchange, which is expected to be the fifth Business Day after the Price Determination Date, investors will not be able to sell or otherwise deal in our Shares on the Hong Kong Stock Exchange. Accordingly, Shareholders are subject to the risk that, from the time they are allocated Shares till trading commences in our Shares, if market sentiment or other developments adversely affect demand for our Shares, the price of our Shares when trading begins could be lower than the Offer Price.

Future financing may cause a dilution in your shareholding or place restrictions on our operations.

We may raise additional funds in the future to finance the expansion of our capacity, the enhancement of our research and development capabilities, or the development of our operations, acquisitions or strategic partnerships. If additional funds are raised through the issuance of our new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that may take priority over those conferred by our Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to service our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital requirements and other general corporate needs; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

Potential investors will pay a price per Share in the Global Offering that substantially exceeds the per Share value of our tangible assets after subtracting our total liabilities as of October 31, 2018. Therefore, purchasers of our Shares in the Global Offering will experience a substantial immediate dilution in pro forma net tangible assets, and our existing Shareholders will receive an increase in the pro forma adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the Global Offering, potential investors would receive less than the amount they paid for their Shares. See

RISK FACTORS

“Unaudited Pro Forma Financial Information” in Appendix II to this prospectus. In addition, holders of our Shares may experience a further dilution of their interest if CLSA Limited (on behalf of the International Underwriters) exercises the Over-Allotment Option.

We cannot assure you that we will declare and distribute any amount of dividends in the future and dividends distributed in the past may not be indicative of our dividend payments in the future.

In 2015, 2016, 2017 and the ten months ended October 31, 2018, dividends declared by the companies now comprising our Group to the then owners of such companies, after eliminating intragroup dividends, were US\$0, US\$5.0 million, US\$0 and US\$0, respectively. Dividends distributed in the past may not be indicative of our dividend payments in the future. We cannot assure you that dividends will be declared or paid in the future at such levels or at all. We did not have any distributable reserves as of October 31, 2018 and currently do not intend to declare dividends for the year ended December 31, 2018. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio. A decision to declare or pay any dividends and the amount of dividends is subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flow and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. For more details on our dividend payments, please see “Financial Information — Dividend.” Furthermore, our total equity excluding non-controlling interests, which was US\$1.0 million as of December 31, 2018, will constitute a limit of our ability to distribute dividends in the near future, though it is expected to increase immediately following the completion of the Global Offering. Our dividend distribution is subject to conditions and factors including, among others, our financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, interests of the Shareholders and any restrictions on payment of dividends. In addition, as a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. The calculation of our operating subsidiaries’ profit under applicable accounting standards differs in certain aspects from the calculation under IFRS. Accordingly, we may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our IFRS financial statements indicate that our operations have been profitable.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources or other sources contained in this prospectus.

Certain facts, statistics and data contained in this prospectus relating to the vendor credentialing and medical credentialing market and the healthcare industry in the United States, Canada and the United Kingdom have been derived from various official government publications or other third-party reports we generally believe to be reliable. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this prospectus and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality or reliability of such source materials. They

RISK FACTORS

have not been prepared or independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the United States, Canada and the United Kingdom. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this prospectus may be inaccurate or may not be comparable to statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, you should give due consideration as to how much weight or importance you should attach to or place on such facts.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industry or the Global Offering.

There may have been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and/or media articles regarding us, our business, our industries and/or the Global Offering. None of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other person involved in the Global Offering or their respective advisors has authorized the disclosure of information about the Global Offering in any press or media article and none of these parties accepts any responsibility for the accuracy or completeness of any such information or the fairness or appropriateness of any forecasts, views or opinions expressed by the press and/or other media regarding our Shares, the Global Offering, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed in any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in, or to the extent that such information is not contained in, this prospectus, we disclaim them. Accordingly, you are cautioned to make your investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

In preparation for the Global Offering, we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our Company's headquarters and our major business operations are based in the United States and both of our two executive Directors (namely Mr. Lin and Mr. Sheehan) have been, are and are expected to be based in the United States and Taiwan and are not ordinarily resident in Hong Kong. We believe it would be more effective and efficient for most of our executive Directors to be based in or near the headquarters of our Group and the locations where most of our business operations and management functions of our Group are carried out. As such, we will not be able to comply with the requirements of Rule 8.12 of the Listing Rules for sufficient management presence in Hong Kong.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. The two authorized representatives are Mr. Sheehan, an executive Director, and Mr. Hung Kuo Yuan, a joint company secretary. We have also appointed Ms. Leung Shui Bing, one of the joint company secretaries who is ordinarily resident in Hong Kong, to be the alternative of our authorized representatives in order to assist Mr. Sheehan and Mr. Hung Kuo Yuan to communicate with the Hong Kong Stock Exchange. They will be available to meet with the Hong Kong Stock Exchange on reasonable notice upon the request of the Hong Kong Stock Exchange and be readily contactable by telephone, facsimile and email to deal with any enquires which may be made by the Hong Kong Stock Exchange. Each of the two authorized representatives is authorized to communicate on behalf of our Company with the Hong Kong Stock Exchange;
- (b) each of the authorized representatives will have all necessary means to contact all the Directors (including the non-executive Directors and the independent non-executive Directors) promptly at all times, as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters to enhance communications among the Hong Kong Stock Exchange, the Directors will provide their respective mobile phone numbers, office phone numbers, email addresses and fax numbers to the authorized representatives as well as the Hong Kong Stock Exchange, and in the event that a Director expects to travel and be out of office, he will provide the phone number of the place of his accommodation to the authorized representatives;

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- (c) we have, in compliance with Rule 3A.19 of the Listing Rules, retained Somerley Capital Limited, as our compliance adviser, who will act as an additional channel of communication between the Hong Kong Stock Exchange and our Company for the period commencing on the Listing Date and ending on the date that our Company publishes its financial results for the first full financial year after the Listing Date pursuant to Rule 13.46 of the Listing Rules;
- (d) any meetings between the Hong Kong Stock Exchange and the Directors may be arranged through the authorized representatives within a reasonable time frame;
- (e) our Company will inform the Hong Kong Stock Exchange promptly in respect of any changes to the contact details of the authorized representatives of our Company and the Directors;
- (f) both of our executive Directors have confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purposes or, when required, meet with the Hong Kong Stock Exchange upon reasonable notice; and
- (g) our Company will retain a Hong Kong legal adviser to advise our Company on the application of the Listing Rules and other applicable Hong Kong laws and regulations after the Listing.

JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules, which states that a company secretary must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. Below are the academic or professional qualifications as set out in Note (1) to Rule 3.28 of the Listing Rules, which the Hong Kong Stock Exchange considers acceptable:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note (2) to Rule 3.28 of the Listing Rules, in assessing “relevant experience,” the Hong Kong Stock Exchange will consider the individual’s:

- (a) length of employment with the listing applicant and other issuers and the roles he/she played;

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. Hung Kuo Yuan as a joint company secretary. Mr. Hung has over 10 years of experience in the company secretarial field. While our Directors consider Mr. Hung is capable of discharging his duty as a company secretary of our Company by virtue of his academic background, professional qualifications and experience, he is neither a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance nor a professional accountant, as required under Note (1) to Rule 3.28 of the Listing Rules. We have therefore appointed Ms. Leung Shui Bing to act as a joint company secretary. Ms. Leung was admitted as an associate member of the Hong Kong Institute of Chartered Secretaries in December 2017 and the Institute of Chartered Secretaries and Administrators in the United Kingdom in December 2017. Ms. Leung obtained a bachelor's degree in Business and Management Studies (Accounting and Finance) from University of Bradford in July 2008, and a master's degree in Corporate Governance from The Open University of Hong Kong in August 2017. Accordingly, Ms. Leung fully complies with the requirements as stipulated under Rules 3.28 and 8.17 of the Listing Rules. We have engaged Ms. Leung as joint company secretary for a minimum period of three years commencing from the Listing Date, during which Ms. Leung will assist and guide Mr. Hung to enable him to acquire the "relevant experience" under Note (2) to Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant to us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. The waiver is granted on the condition that we engage Ms. Leung, who possesses all the requisite qualifications required under Rule 3.28 of the Listing Rules, to assist Mr. Hung in his discharge of duties as a joint company secretary and in gaining the "relevant experience" as required under Note (2) to Rule 3.28 of the Listing Rules. Our Company understands that, prior to the expiry of the three-year period, the Hong Kong Stock Exchange will revisit the situation in the expectation that our Company should then be able to demonstrate to the Hong Kong Stock Exchange's satisfaction that Mr. Hung, having had the benefit of Ms. Leung's assistance for three years, will have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules and the notes thereto, so that a further waiver will not be necessary. Our Company will also evaluate the qualifications and experience of Mr. Hung and the need for ongoing assistance. Our Company understands and acknowledges that the waiver will be revoked if Ms. Leung ceases to provide assistance and guidance to Mr. Hung.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

For further details of Mr. Hung's and Ms. Leung's biographies, see "Directors and Senior Management — Joint Company Secretaries."

**WAIVER FROM STRICT COMPLIANCE WITH RULES 4.04(1) AND 13.49(1) OF THE
LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION
342(1) IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II
OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

Rule 4.04(1) of the Listing Rules requires that the accountants' report to be included in a listing document must include the consolidated results of the listing applicant in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange.

Rule 13.49(1) of the Listing Rules requires a listed issuer to publish its preliminary results for each financial year not later than three months after the end of the financial year.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes that a statement as to the gross trading income or sales turnover of the listing applicant for each of the three financial years preceding the issue of the prospectus including an explanation of the method used for the computation of such income or turnover, and a reasonable breakdown between the more important trading activities, be included in the prospectus.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further prescribes that a report by the auditors of the listing applicant with respect to (i) the profits and losses of the listing applicant for each of the three financial years immediately preceding the issue of the prospectus; and (ii) the assets and liabilities of the listing applicant at the last date to which the accounts of the listing applicant were made up, be included in the prospectus.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from strict compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

The Accountant's Report for each of the three years ended December 31, 2015, 2016 and 2017 and the ten months ended October 31, 2018 has been prepared and is set out in Appendix I to this prospectus.

Pursuant to the relevant requirements set forth above, our Company is required to produce three full years of audited accounts for the years ended December 31, 2016, 2017 and 2018. Accordingly, an application was made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver was granted by the Hong Kong Stock Exchange on the conditions that:

- (i) our Company be listed on the Hong Kong Stock Exchange on or before March 31, 2019;
- (ii) our Company must obtain a certificate of exemption from the SFC from the requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance; and
- (iii) this prospectus must include the financial information for the financial year ended December 31, 2018 and a commentary on the results for the year. Such financial information to be included in this prospectus must (a) be prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (b) be agreed with the Reporting Accountant following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding up and Miscellaneous Provisions) Ordinance on the conditions that (i) the particulars of the exemption be set forth in this prospectus; and (ii) this prospectus be issued on or before March 19, 2019 and our Company be listed on the Hong Kong Stock Exchange on or before March 31, 2019.

The applications to Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance were made on the grounds that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interest of the investing public given the followings:

- (i) if the full-year audited results for the financial year ended December 31, 2018 are to be included, there will be a significant delay in the listing timetable. If the financial statements are required to be audited up to December 31, 2018, our Company and the Reporting Accountant would have to undertake a considerable amount of work to

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

prepare, update and finalise the Accountant's Report to cover such additional period. It would be unduly burdensome for our Company to produce, and its auditors to audit the financial statements for the financial year ended December 31, 2018 to meet the proposed listing timetable. Our Directors considered that the benefits of such work may not justify the additional work and expenses involved and the significant delay in the listing timetable, given that there has been no significant change in the financial and trading position or prospects of our Group since the date of the preliminary financials, being December 31, 2018; and

- (ii) the Directors and the Sole Sponsor have confirmed that, after performing sufficient due diligence, that there has been no material adverse change in the financial and trading position or prospects of our Group since December 31, 2018 and up to the date of this prospectus. Our Company is of the view that the information contained in the Accountant's Report of our Group (as set out in Appendix I to this prospectus), the unaudited pro forma financial information as set out in Appendix II to this prospectus and the unaudited preliminary financials for the financial year ended December 31, 2018 as set out in Appendix III to this prospectus already provided potential investors with all information that is reasonably necessary for them to make an informed assessment of the activities or financial and trading position or prospects of our Group, and an exemption from compliance with the relevant requirements would not prejudice the interests of the investing public.

PUBLICATION OF PRELIMINARY RESULTS

Pursuant to Rule 13.49(1) of the Listing Rules, an issuer is required to publish its preliminary results in respect of each financial year as soon as possible, but in any event not later than three months after the end of the financial year.

Our Company has included in this prospectus the unaudited financial information and a commentary on the results of our Company for the year ended December 31, 2018. Our Company is of the view that strict compliance with Rule 13.49(1) of the Listing Rules would be unduly burdensome given that (i) our Company will include in this prospectus the preliminary financials for the financial year ended December 31, 2018 prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (ii) given the short timeframe between the date of publication of this prospectus and the required date of publication of the preliminary financial results, this prospectus already contained such other information sufficiently updated for the benefits of our Shareholders and the investing public. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 13.49(1) of the Listing Rules in respect of the publication of the preliminary results announcement for the year ended December 31, 2018.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

WAIVER FROM STRICT COMPLIANCE WITH RULES 4.04(2) AND 4.04(4) OF THE LISTING RULES

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, an issuer shall include in its Accountant's Report the results and statement of financial position of any subsidiaries and/or businesses acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

On December 27, 2018, we acquired the entire issued share capital of WAY, a company principally engaged in providing credentialing services in the United Kingdom. For details, see "History, Reorganization and Development — Post-Track Record Period Acquisition" in this prospectus.

Based on the following reasons, our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

- (a) **Immateriality of the WAY Acquisition:** The scale of the businesses operated by WAY, as compared to that of our Group is not material. Based on the financial information of WAY available to our Company (i.e. the unaudited management accounts of WAY), each of the assets ratio, revenue ratio, profits ratio and consideration ratio of the WAY Acquisition by reference to the most recent financial year and the lower end market capitalization of our Company is below 5%.

In addition, notwithstanding that the WAY Acquisition represents a suitable strategic acquisition target of our Group, it is expected that WAY will not constitute a material subsidiary of our Company in light of its current size. As such, an exemption from compliance with the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules would not prejudice the interests of the investing public.

- (b) **Undue burden to prepare audited historical financial information of WAY:** It will require considerable time and resources for our Company and our Reporting Accountant to fully familiarize themselves with the accounting policies of WAY and compile the necessary financial information and supporting documents for disclosure in this prospectus. Also, as the financial year of WAY is not coterminous with that of our Company, significant efforts and time would be required to audit WAY's accounts on a consistent basis with our Company. The WAY Acquisition was only completed on December 27, 2018. As such, it would be impracticable within the tight timeframe between the completion of the WAY Acquisition and publication of this prospectus for our Company to prepare and disclose the audited financial information of WAY as required under Rules 4.04(2) and 4.04(4) of the Listing Rules.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

Accordingly, having considered the immateriality of the WAY Acquisition as well as the time and resources required to compile and audit such historical information in conformity with our Company's accounting policies, it would be unduly burdensome for our Company to prepare and include the audited financial information of WAY in this prospectus.

- (c) **Disclosure of necessary information in the listing document:** With a view of allowing the potential investors to understand the WAY Acquisition in greater detail, our Company will include in this prospectus the following information in relation to the WAY Acquisition, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including (i) general description of the scope of principal business activities of WAY and the information on the vendors; (ii) profits before and after tax of WAY for the two financial years immediately preceding the WAY Acquisition; (iii) the consideration of the transaction; (iv) the basis on which the consideration was determined; (v) how the consideration was satisfied and the payment terms; and (vi) reasons for and benefits of the transaction. For details, see "History, Reorganization and Development — Post-Track Record Period Acquisition" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public with regard to the Group. Our Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date.

The Offer Price is expected to be fixed by the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around March 21, 2019 and, in any event, not later than March 25, 2019 (unless otherwise determined by the Joint Global Coordinators (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators and our Company on or before March 25, 2019, the Global Offering will not become unconditional and will lapse immediately.

Further information about the Underwriters and the underwriting arrangements is set out in "Underwriting."

RESTRICTIONS ON SALE OF SHARES

Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

distribution of this prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-Allotment Option and the Pre-IPO Share Options).

As of the Latest Practicable Date, no part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-Allotment Option and Stabilization are set out in “Structure of the Global Offering”.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Pre-IPO Share Options) on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained by Harneys Fiduciary (Cayman) Limited in the Cayman Islands, and our register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our register of members in Hong Kong, by ordinary post, at the Shareholders’ risk in Hong Kong dollars.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated.

EXCHANGE RATES

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in US\$, HK\$ and GBP. Unless we indicate otherwise, the translation of HK\$ into US\$ and of GBP into US\$, and vice versa, in this prospectus was made at the following rates:

HK\$7.8195	to US\$1.00
US\$1.2700	to £1.00

No representation is made that the US\$, HK\$ and GBP amounts could actually be converted into another currency at the rates indicated, or at all.

OTHER

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-Allotment Option and the Pre-IPO Share Options are not exercised.

The English names of companies incorporated in the PRC are translations of their Chinese names and are included for identification purposes only.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Lin Tzung-Liang (林宗良)	3F, No.2, Ln.165, Dunhua N. Road Songshan District Taipei City 105, Taiwan	Taiwanese
Mr. Michael James Sheehan	4983 Lusk Lane Flower Mound, TX, 75028 United States	American
<i>Non-executive Directors</i>		
Mr. Lin Kuo-Chang (林國璋)	7F., No. 7, Ln. 10, Linyi Street Zhongzheng District Taipei City 100, Taiwan	Taiwanese
Mr. Sean Fang (方頌和)	Flat 26A, Tower 7 Bel Air on the Peak No 68 Bel Air Peak Ave Island South, Hong Kong	Chinese (Hong Kong)
<i>Independent Non-executive Directors</i>		
Mr. Chan Kwok Wai (陳國威)	Flat C, 19/F Two Robinson Place 70 Robinson Road, Hong Kong	British
Mr. Lo Chiang (羅強)	13F.-6, No.163, Sec. 5 Nanjing E. Road Songshan District Taipei City 105, Taiwan	Taiwanese
Mr. Shen Haipeng (沈海鵬)	Unit 10, 5/F, Block 1 Middleton Towers 140 Pokfulam Road, Hong Kong	Chinese

Please refer to the section headed “Directors and Senior Management” in this prospectus for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor CLSA Capital Markets Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Joint Global Coordinators CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

AMTD Global Markets Limited
23/F–25/F, Nexxus Building
41 Connaught Road Central
Hong Kong

**Joint Bookrunners and Joint
Lead Managers CLSA Limited**
18/F, One Pacific Place
88 Queensway
Hong Kong

AMTD Global Markets Limited
23/F–25/F, Nexxus Building
41 Connaught Road Central
Hong Kong

Yuanta Securities (Hong Kong) Company Limited
23/F, Tower 1, Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong

Co-Manager Aristo Securities Limited
Room 101, 1st Floor, On Hong Commercial Building
145 Hennessy Road, Wanchai
Hong Kong

Legal Advisers to our Company . . *As to Hong Kong and U.S. Federal and New York laws:*
Sullivan & Cromwell (Hong Kong) LLP
28th Floor
Nine Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Texas laws:

Clark Hill Strasburger

909 Fannin St.

Suite 2300

Houston, Texas, 77010

United States

As to England and Wales laws:

McCarthy Tétrault

26th Floor

125 Old Broad Street

London EC2N 1AR

United Kingdom

Bristows LLP

100 Victoria Embankment

London, EC4Y 0DH

United Kingdom

As to Canadian laws:

McCarthy Tétrault LLP

Bureau 2500

1000, rue De La Gauchetière Ouest

Montréal QC H3B 0A2

Canada

As to Cayman Islands laws:

Harney Westwood & Riegels

3501 The Center

99 Queen's Road Central

Hong Kong

As to Samoa laws:

Leung Wai Law Firm

Level 2 Feagaimaleata Building

Beach Road

PO Box 9582

Apia

Samoa

As to Taiwan laws:

Lee and Li

7th Floor

201 Tun Hua N. Road

Taipei 10508, Taiwan

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to PRC laws:

Fangda Partners

27/F, North Tower, Beijing Kerry Centre
1 Guanghai Road, Chaoyang District
Beijing, China

**Legal Advisers to the Sole Sponsor
and the Underwriters**

As to Hong Kong laws:

Reed Smith Richards Butler

20/F, Alexandra House
18 Chater Road
Central
Hong Kong

As to U.S. laws:

Reed Smith LLP

599 Lexington Avenue
22nd Floor
New York, NY 10022
United States

Auditor and Reporting

Accountant

PricewaterhouseCoopers

Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Industry Consultant

China Insights Consultancy Limited

10/F, Tomorrow Square
399 West Nanjing Road
Huangpu District
Shanghai
China

Compliance Adviser

Somerley Capital Limited

20/F China Building
29 Queen's Road Central
Hong Kong

Receiving Bank

Bank of China (Hong Kong) Limited

1 Garden Road
Hong Kong

CORPORATE INFORMATION

Registered Office	c/o Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place 103 South Church Street George Town P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Headquarters and Principal Place of Business in the U.S.	1420 Lakeside Parkway Suite 110 Flower Mound Texas 75028-4035
Principal Place of Business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street, Causeway Bay Hong Kong
Company Website	www.intellicentrics-global.com <i>(information contained in this website does not form part of this prospectus)</i>
Joint Company Secretaries	Mr. Hung Kuo Yuan (洪國原) 18/F, No. 1 Song Zhi Road Xin Yi District Taipei City, 11047 Taiwan Ms. Leung Shui Bing (梁瑞冰) (ACIS; ACS) TMF Hong Kong Limited 31/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Authorized Representatives	Mr. Michael James Sheehan 4983 Lusk Lane Flower Mound, TX, 75028 United States Mr. Hung Kuo Yuan 18/F, No. 1 Song Zhi Road Xin Yi District Taipei City, 11047 Taiwan

CORPORATE INFORMATION

Audit Committee	Mr. Chan Kwok Wai (<i>Chairman</i>) Mr. Lo Chiang Mr. Sean Fang
Remuneration Committee	Mr. Lo Chiang (<i>Chairman</i>) Mr. Lin Kuo-Chang Mr. Shen Haipeng
Nomination Committee	Mr. Lin Tzung-Liang (<i>Chairman</i>) Mr. Shen Haipeng Mr. Chan Kwok Wai
Cayman Islands Principal Share Registrar and Transfer Agent	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place 103 South Church Street George Town P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
Principal Bankers	Silicon Valley Bank 3003 Tasman Drive Santa Clara, CA 95054 USA Far Eastern International Bank 18F No 207, Section 2, Dunhua S. Road Taipei City, Taiwan

INDUSTRY OVERVIEW

Unless otherwise indicated, the information, presented in this section, including certain facts, statistics and data, was derived from various official government publications and other publications and from the market research report prepared by CIC, which was commissioned by us. We believe that the sources of the information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Therefore, we have no reason to believe that such information is false or misleading, or that any material facts have been omitted that would render such information false or misleading. The information prepared by CIC and set out in this section has not been independently verified by our Group, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, advisers, and agents, and no representation is given as to its accuracy. Accordingly, such information should not be relied upon in making or refraining from making any investment decision. The information and statistics may not be consistent with other information and statistics compiled within or outside of the United States.

SOURCES OF INFORMATION

In connection with the Global Offering, our Group has commissioned CIC, an Independent Third Party, to conduct an analysis of and to provide a final report on the healthcare credentialing market in the United States, Canada, the United Kingdom and China. The report we commissioned, (“the CIC Report”), has been prepared by CIC independent of our influence. CIC is a professional industry consultant founded in 2014. Services provided by CIC include market assessments, competitive benchmarking, and strategic and market planning for companies in a variety of industries. Our Group paid CIC a fee of US\$65,000 for the preparation of the CIC Report, which our Group considers to be in line with market rates.

CIC’s independent research was undertaken using both primary and secondary research approaches. Primary research involved interviewing industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the United Nations, the U.S. Bureau of Economic Analysis, the International Monetary Fund, and the Centers for Medicare & Medicaid Services, among others.

Market projections in the United States, where our Group derives the majority of its revenue, were obtained from the analysis of historical data as well as underlying market drivers. In preparing the CIC Report, CIC has adopted the following key assumptions: (i) U.S. economic development is likely to maintain a steady growth trend throughout the next five years; (ii) factors affecting the industry are likely to continue driving the growth in the U.S. healthcare credentialing market during the forecast period, including the prevalence of healthcare-associated infections (“HAIs”), rising safety concerns stemming from deteriorating crime statistics, supportive laws and policies stipulated by the U.S. government and non-governmental organizations; and (iii) there is no extreme *force majeure* which may affect the market dramatically or fundamentally.

INDUSTRY OVERVIEW

Except as otherwise noted, all the data and forecasts in this section are derived from the CIC Report. Our Directors confirm that, after taking reasonable care, they are not aware of any material adverse change in any of the market information contained in the CIC Report since the release date of such information which may qualify, contradict, or have a material impact on the information as disclosed in this section.

CURRENT PRACTICE OF CREDENTIALING IN THE HEALTHCARE INDUSTRY

Healthcare credentialing refers to a process that obtains, verifies and assesses the educational background, training, work experience, certifications and other professional qualifications of personnel who work in the healthcare industry, along with any person who has direct or indirect contact with patients in accordance with regulations by, in the United States for example, the Centers for Disease Control and Prevention (“CDC”), Health and Human Services, state and local regulations, and includes the individuals who deliver and provide care, such as professional vendor representatives of healthcare suppliers, medical staff, administrative staff, contracted employees, security guards and other support staff, and maintenance technicians, among others. Credentialing is relied upon to ensure each individual in the delivery of care has evidenced compliance with the requirements of ongoing knowledge, skills and abilities to provide a high standard of quality healthcare.

In the United States, healthcare credentialing is mandatory, and not optional. Due to regulatory and LoCs’ policy requirements, the total cost of credentialing incurred by medical staff is estimated to be in the billions of dollars a year. For the one million physicians, this represents an annual cost per physician between US\$25,000 and US\$35,000, or an overall cost of US\$25 billion to US\$35 billion. For the 10 million supporting medical staff, including nurses, technicians and clinical contractors, the annual cost per person is between US\$7,500 and US\$14,000, or an overall cost of between US\$75 billion and US\$140 billion. These high costs are driven by the fact that, traditionally, LoCs and medical professionals perform the credentialing process in-house using a paper-based process, in a “one-at-a-time” manner. Each LoC creates, monitors and manages the files for medical staff associated with it, and each medical staff creates his or her own file to meet the requirements of each and all LoCs he or she is associated with. Therefore, the time costs associated with credentialing are significant. There are then third-party credentialing service providers serving essentially as outsourced contractors for use by LoCs but adopting a similar method as if the work is done in-house within each LoC. There are also software companies developing credentialing software for use by LoCs and third-party service providers in an in-house fashion. Although this reduces paperwork, without a platform model and large scale, there will be no significant cost savings. In fact, for medical credentialing, it is estimated that the software cost represents a very small proportion of the total credentialing cost incurred by LoCs and physicians.

THE INTERNET-BASED INFORMATION-SHARING PLATFORM INDUSTRY

Internet-based information-sharing platforms are applied in different settings, ranging from purely social media to platforms for a specific professional purpose. A common feature of information-sharing platforms is scalability: individual users voluntarily provide specific data, messages and/or other information about themselves to create such users’ profile to be shared

INDUSTRY OVERVIEW

within the technology platform with many different parties. This makes the platform highly scalable when the technology is designed for a specific professional purpose, and the platform may further provide additional value such as computing, analyzing, verifying and presenting such information in a manner adapted for the professional purpose. For example, in the regulated healthcare industry, information must be trusted, and the need for the information to be verified is high. Therefore, verification of information through a credentialing platform would be the value-added element of a third-party credentialing service provider.

The following table sets forth a comparison of certain features of Internet-based information-sharing platforms:

	<u>Setting</u>	<u>Users</u>	<u>Need for information verification</u>	<u>Main sources of income</u>
Facebook	Social media	All Internet users	Low	Advertising revenue
LinkedIn	Professional social networking	Professionals, recruiters	Low	Subscription fee, advertising revenue
LSAC (credential assembly service) . . .	Law school application credential assembly	Law school applicants, law schools	High	Processing service fee
IntelliCentrics	Healthcare credentialing	LoCs, vendor representatives, medical staff	High	Annual subscription fee

APPLICATION OF TECHNOLOGY PLATFORMS IN THE HEALTHCARE INDUSTRY

The mandatory nature and the huge costs involved in credentialing, together with the complex relationships among stakeholders, make the healthcare industry a natural match, and present a huge business opportunity, for technology platforms. A technology platform such as ours can transform credentialing in the healthcare industry from a high-cost, slow, paper-based process into a highly scalable, ultra low-cost, dynamic and intelligent process while serving all stakeholders simultaneously. For the past ten years, a few companies, including us, have been operating such technology platforms connecting LoCs, professionals and other stakeholders in the healthcare industry with data and information that can be trusted. The key benefits of using a technology platform for each stakeholder are:

- **Shortened Time.** Technology platform operators can shorten the credentialing process to less than five days. In contrast, the traditional paper-based manual credentialing model is time consuming, which in most cases takes 60 to 90 days for both vendor representatives and medical staff to confirm that they have been fully credentialed, primarily due to the communication lag time with vendor representatives and medical staff.
- **Reduced Costs.** Technology platform operators streamline the credentialing process, enabling LoCs to easily update their systems and effectively carry out the credentialing process at a lower cost. For vendor companies and their representatives and medical

INDUSTRY OVERVIEW

staff, once they have set up profiles with technology platform operators, they can use them in multiple LoCs, thus saving time and costs. The traditional model entails cumbersome manual work and coordination between multiple departments within LoCs, making the credentialing process costly for LoCs.

- ***Enhanced Labor Efficiency.*** LoCs generally do not have a department solely focused on credentialing. Personnel responsible for this task are also responsible for other duties, with the combination of spreadsheets, checklists, and other paperwork often occupying their working hours and affecting the completion of other work duties. Technology platform operators offer advanced systems and services from dedicated professional staff. By outsourcing the credentialing process to credentialing service providers, LoCs and their staff are freed from the burden associated with credentialing.

The overall scale and significant cost savings make it possible for technology platforms to charge a fee from LoCs, vendor representatives and/or medical professionals and represent savings for each subscriber that cannot otherwise be achieved, creating a win-win-win situation for all stakeholders.

Different from technology platforms operating in social media or social networking sectors, demand for technology platforms providing healthcare credentialing services benefit from the nature of the healthcare industry in which LoCs, medical staff and vendor representatives are subject to heavy regulations. These organizations and professionals are required to conduct credentialing. As described above, this has historically been a largely manual process, and it is believed that technology platforms will disrupt the traditional manner in which credentialing has been done and how different stakeholders in the healthcare industry interact with each other. As a result, as observed in technology platforms providing vendor credentialing services, the churn rate for subscribers tends to be very low, and thus the platforms are able to receive subscription fees and maintain healthy profits and cash flows to achieve self-funded growth. As these technology platforms are entering the medical credentialing services, it is expected that they will benefit from similar effects.

Entry Barriers in Healthcare Credentialing in the United States

Entry barriers in the healthcare credentialing market in the United States include the following.

Advanced Technological Infrastructure

Technology determines the efficiency of the information system and the comprehensiveness of information provided to customers, and thus is the core competence of a technology platform providing healthcare credentialing services. Meanwhile, technological infrastructure provides seamless user experience to create stickiness to the technology solution of a technology platform, which makes it a core asset of a credentialing service provider to attract customers and to achieve business expansion. For new entrants, they may initially find it difficult to meet such requirements of infrastructure.

INDUSTRY OVERVIEW

Healthcare Industry Expertise

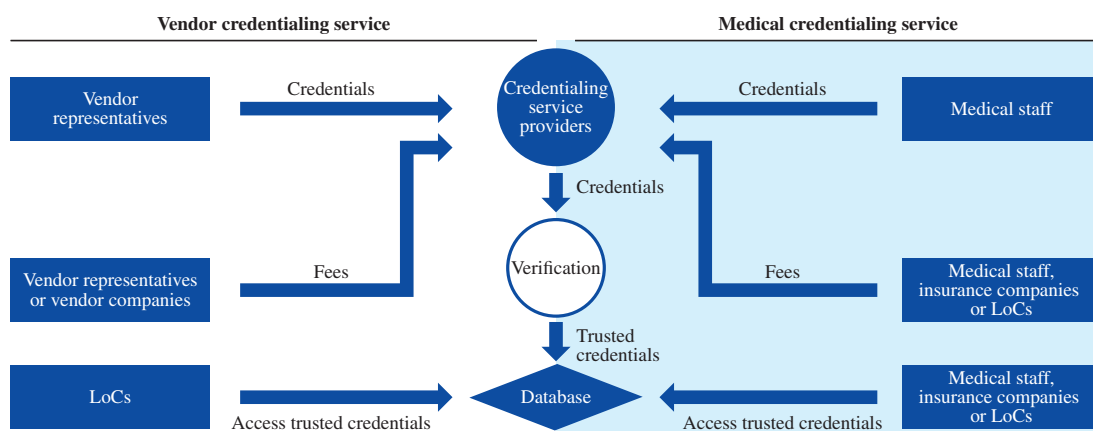
Healthcare credentialing involves compliance with complex rules and regulations in the healthcare industry. Therefore, familiarity with the healthcare industry can help the technology platforms generate valuable insight to address customers' needs and thus improve their service quality. However, for new entrants who are less experienced in the healthcare industry, they may be unable to recruit employees possessing the requisite knowledge of the healthcare industry.

LoCs on the Platform

Because leading technology platforms do not typically charge LoCs for provision of healthcare credentialing services, and LoCs generally value the track record and reliability of a technology platform, an LoC usually adheres to the services of one technology platform. This is demonstrated by the low churn rate of LoCs on technology platforms in the healthcare credentialing services area. Once an LoC is on a certain platform, the vendor representatives or medical staff associated with the LoC are required to subscribe to the relevant services of such platform. Thus, it is important for credentialing service providers to acquire and maintain LoCs on the platform. New entrants without prior relationships with LoCs may have difficulty in entering the market and replace existing market participants that are already in cooperation with LoCs.

Two Main Healthcare Credentialing Services — Vendor Credentialing and Medical Credentialing

Today, there are two main areas in the healthcare credentialing field: vendor credentialing and medical credentialing services. The following chart illustrates how technology platforms generally provide these two services:



Source: CIC

- **Vendor Credentialing.** To gain access to LoCs, vendor representatives are required to comply with different types of credentials, like criminal background checks, immunization, drug tests, and training on the HIPAA, among others. Vendor credentialing helps LoCs check if vendor representatives are fully in compliance with the policies of a given LoC, to reduce risks related to HAIs and criminal activities, which

INDUSTRY OVERVIEW

in turn enhance the safety of people, especially patients, present at the LoC. Credentialing service providers also provide check-in systems in sensitive areas in order to help LoCs manage and monitor the entry and exit of visitors, such as vendor representatives, to protect the safety of patients and staff. In vendor credentialing, vendor representatives submit their credentials to credentialing service providers for credentialing and verification. Credentialing service providers maintain a record in their respective databases for LoCs to check against at a later date. Vendor credentialing services are paid for by vendor representatives, who are generally reimbursed by their employers, or by the vendor companies who pay on behalf of their employees.

- **Medical Credentialing.** Medical credentialing verifies the background of medical staff working at an LoC. With the assistance of credentialing service providers, LoCs can easily access a variety of information regarding medical staff, including criminal records, professional qualifications and licenses. In medical credentialing, medical staff, including doctors, nurses, technicians and clinical contractors, provide their materials to technology platforms. Such technology platforms verify those materials with authorized primary sources according to the standards set by the National Committee for Quality Assurance (“NCQA”). Verified credentials can be accessed by LoCs, insurance companies and medical staff themselves for later use. Medical credentialing services are paid for by medical staff. Insurance companies or LoCs may reimburse the medical staff or pay for the medical credentialing services on the medical staff’s behalf.

Vendor Credentialing Services — Dominated by Lead Technology Platform Players

It is estimated that in 2017, over 80% of the vendor representatives in the United States registered to use third-party credentialing services (including those using traditional model and technology platforms) to gain access to LoCs. The more LoCs a technology platform has, the more LoCs the vendor representatives registered on that platform will be able to access, which adds value to vendor representatives in their credentialing services. Therefore, it is generally believed that increasing LoCs on the platform will enhance the bargaining power of technology platform operators in the pricing for their credentialing services and bring potential business growth. Measured by the total revenue of existing third-party service providers for vendor credentialing services, in the United States, the total size by revenue was US\$87.8 million in 2017. It is expected to continue growing to reach US\$97.5 million by 2022, which represents a CAGR of 2.1% from 2017 to 2022.

INDUSTRY OVERVIEW

Vendor credentialing market size, 2013–2022E



Source: CIC

During the first decade of the 21st century, technology platforms began to provide healthcare credentialing services in the United States. Given the highly scalable nature of technology platforms compared to the traditional paper-based, “one-at-a-time” model (whether conducted in-house or by third-party service providers), these technology platforms have become market leaders in the vendor credentialing services.

Top 3 vendor credentialing service providers in the United States

Rank	Company	Year of incorporation	Listing status	Revenue (US\$ millions, 2017)	Market share by total revenue			# of paying subscribers (persons, as of December 31, 2017)	Annual fee (US\$/person, 2018)
					2015	2016	2017		
1	Our Group	2004	—	31.4	36.2%	36.2%	35.8%	~120,000	287
2	Company A	2005	Unlisted	~28	32.6%	32.4%	31.9%	~115,000	~250
3	Company B	2006	Unlisted	~20	23.1%	23.0%	22.8%	~80,000	Individual plan: 219–399 Group plan: 299

Source: CIC

Three companies dominate the vendor credentialing market in the United States. As the leading player in the market in terms of both the number of paying subscribers and revenue, our Group has operated in the industry for over ten years, with approximately 36% of market share by revenue from 2015 to 2017. Our Group has accumulated roughly 120,000 paying subscribers and ranked the top in 2017. Company A has been operating in the market for 13 years and ranked second in terms of market share of approximately 32% by revenue from 2015 to 2017. Different from our Group, Company A contracts with vendor companies to handle credentialing matters of their employees. Company B, with a history of almost 12 years, provides diversified services to

INDUSTRY OVERVIEW

LoCs including access control, compliance assessment, among others, in addition to vendor credentialing, with approximately 23% market share by vendor credentialing revenue from 2015 to 2017.

The three leading vendor service providers are expected to continue to lead the market, and are expected to grow their vendor credentialing business mainly through: (1) penetrating the LoCs in the United States that are not currently using any third-party provided credentialing services or which are using third-party provided credentialing services which still adopt the traditional paper-based model; (2) acquiring smaller players in order to acquire their LoC and subscriber bases; and (3) providing add-on services.

Market Drivers in the Vendor Credentialing Market in the United States

The vendor credentialing market in the United States is expected to be driven by the following factors:

- ***Credentialing technology platforms bring cost effectiveness and work efficiency.*** LoCs in the United States have strong incentive to conduct vendor credentialing in an efficient way to save time and costs. However, vendor credentialing, even using software designed for credentialing in-house, involves cumbersome manual work and repetitive process, such as labor handling documents and consolidating credential information from separate software, thus requiring a great amount of time and costs. Credentialing technology platforms can reduce the redundant paperwork with integrated and automatic verification process to conduct vendor credentialing anywhere and anytime on a portable digital device. Besides, a technology platform enables data re-verification, re-submission and reappointment in an easier way once a user profile has been created on it. Therefore, the cost effectiveness and work efficiency brought by technology platforms in vendor credentialing will drive more LoCs to employ technology platform providers.
- ***Supportive Public and Private Healthcare Insurance Programs.*** Public and private insurance programs collectively covered 89.5% of all hospital bills in the United States in 2017. Public health insurers were the biggest payers in the United States, covering 36.9% of the total national healthcare expenditures in 2017, which include bills of hospital care, physician and clinical services, retail prescription drugs, among others. Both Medicare and Medicaid insurance programs attach importance to a safe healthcare environment and determine their reimbursements partially based on an LoC's safety measures. For example, hospitals participating in the Medicare program agree to apply predetermined discount rates of Medicare patients' bills in the inpatient prospective payment system, a healthcare payment system to tackle the operating costs of acute care hospital inpatient as designed by CMS, a governmental agency that administers various public health insurance programs. The payment amount of Medicare is on a per discharge or per case basis, determined by factors including the quality of care and the safety of LoCs. Therefore, LoCs have incentives to utilize vendor credentialing services as evidence of their safety and compliance. When setting their reimbursement standards, many private insurance companies may directly employ or make reference to the schemes

INDUSTRY OVERVIEW

of public insurance programs designed by CMS. As such, private insurance programs attach a similar level of importance to the safety of LoCs, thus incentivizing LoCs to implement comprehensive credentialing procedures. Third-party credentialing service providers enable LoCs achieve that standard with greater ease.

- ***Rising Safety Concerns Stemming from Deteriorating Crime Statistics.*** LoCs are susceptible to burglary and theft due to the high economic value of their equipment and supplies. According to the International Association for Healthcare Security and Safety, crimes occurring in LoCs increased in recent years. Third-party credentialing service providers help LoCs collect and track vendor representatives' criminal history records, thus enabling LoCs to make better-informed decisions regarding the privileging of individuals entering specific designated areas, especially as concerns patient-centered and asset-intensive areas.

Medical Credentialing — Underserved Billion-Dollar Sector

It is estimated that in the United States the cost of credentialing for physicians and LoCs is approximately between US\$25,000 and US\$35,000 per physician and US\$7,500 and US\$14,000 per medical staff per year, respectively, a large portion of which is attributable to the time costs spent by LoCs and medical staff to complete the credentialing process. The total cost of medical credentialing in the United States is estimated to be between US\$95 billion and US\$165 billion a year, according to CIC. The potential to save such significant costs incentivizes LoCs and medical staff to utilize third-party medical credentialing services. With over one million physicians and 10 million supporting medical staff including nurses, technicians and clinical contractors in the United States, the market size for medical credentialing in the United States measured by the total subscription fees which may be paid by medical staff for credentialing is estimated to be multi-billion U.S. dollars a year.

However, although a majority of LoCs in the United States have adopted third-party provided vendor credentialing services, most LoCs still conduct medical credentialing in-house. This is mainly because traditionally LoCs have built internal work flow processes long before the technological advancements of a platform technology were available in the market. This also explains why vendor credentialing adopted technology platform solutions before the larger opportunity represented by the medical staff. As a result, major third-party medical credentialing service providers in this area are principally software companies whose business model is to provide software solutions to LoCs for their internal staff to use in the medical credentialing process and charge LoCs software licensing fees. Only a small portion of the total medical staff population in the United States use third-party providers' software to help them with credentialing. Prior to 2018, the medical credentialing market mainly represented revenue of such software companies, amounting to US\$76.0 million in 2013 and US\$91.0 million in 2017, representing a CAGR of 4.6%, and is expected to reach US\$118.9 million by 2022, representing a CAGR of 5.5% from 2017 to 2022. This market represents a very small portion of the total medical credentialing cost in the United States, because LoCs', physicians' and nurses' main credentialing costs are labor costs associated with creating, monitoring and managing medical staff's files in-house in LoCs, as well as medical staff's own time and labor cost in handling their own files to meet the requirements

INDUSTRY OVERVIEW

of multiple LoCs they are associated with. These labor and time costs cannot be eliminated by using the software offered by the software companies. As such, the demand for third-party provided medical credentialing services have been large but underserved until the introduction of technology platforms into this sector.

In 2018, the Group and Company B introduced the technology platform model into the medical credentialing market. Compared to credentialing in-house, technology platforms would reduce over 70–90% of the overall cost in medical credentialing due to the huge network effect achieved. This disruptive model will unleash huge value from the 70–90% total cost savings — that is, a technology platform could, depending on its sales and marketing strategy, charge a fee from LoCs and/or medical staff that is lower than their own cost if not using technology platforms but higher than the technology platform's cost, creating a win-win-win situation for the three sides thanks to the network effect of technology platforms.

The following table sets forth certain information of major software solutions providers in the medical credentialing field in the United States:

Top 3 medical credentialing service providers in the United States

Rank	Company	Revenue (US\$ millions, 2017)	Market share by total revenue (2017)	# of files processed (thousand files, as of December 31, 2017)
1	Company C	36.8	~40%	~4,700
2	Company D	~15–20	~19%	~2,500
3	Company E	~7–8	~8%	~1,000

Source: CIC

The market of third-party provided medical credentialing services is currently very small and more fragmented than that of vendor credentialing as the main players are software companies that represent a very small portion of the overall LoCs' medical credentialing cost, which amounts to multiple billion U.S. dollars a year as elaborated above. The top three market participants are all software solutions providers, which together captured two thirds of the market share by revenue in 2017. None of these market participants have adopted a technology platform model or subscription model for medical staff. Company C took the leading position with approximately 40% of market share by revenue in 2017. Owned by a healthcare company listed on NASDAQ, Company C had more than 30 years of experience in providing medical credentialing software solutions and had processed approximately 4.7 million files of medical staff as of December 31, 2017. Company D started business in 1997 and captured approximately 19% of market share by revenue in 2017 and had processed approximately 2.5 million files of medical staff as of December 31, 2017. It was acquired by a private investment group in 2014. Company E had a market share of approximately 8% by revenue in 2017 and had processed approximately 1.0 million files of medical staff as of December 31, 2017. The remaining 33% of market share was shared among smaller companies in 2017.

Market Trends for Third-Party Provided Medical Credentialing Services

Third-party provided medical credentialing services are expected to grow with the following trends:

- ***Substantial Growth Due to Technology Platform Model.*** As discussed in “— Medical Credentialing — Underserved Billion-Dollar Sector,” it is expected that, with technology platforms entering into medical credentialing services, more and more LoCs would consider using technology platforms to substantially replace their internal functional departments for medical credentialing. This would mainly be driven by the win-win-win situation among all stakeholders — LoCs and medical staff would reduce their cost while technology platforms would earn a profitable fee, effectively “sharing” the 70–90% overall cost saving achieved by the nature of technology platforms. However, because traditionally LoCs consider doctor and nurse management part of their core administration function, many of them would make the decision cautiously as to which platform to use, including the technology and reliability of the platform. The adoption rate for technology platform-based medical credentialing services is therefore expected to increase gradually.
- ***First-Mover Advantage.*** There are two aspects of first-mover advantage in third-party provided medical credentialing services. First, because LoCs would be cautious in selecting technology platforms for medical credentialing services, technology platforms which have matured technology and a reliable track record in provision of healthcare credentialing (mostly vendor credentialing) services would possess first-mover advantage in competing for LoCs to adopt their medical credentialing services. Secondly, because medical credentialing has been an underserved area, technology platforms that move fast in acquiring market share are expected to be the ultimate winners. In that regard, technology platforms which already have substantial on-platform LoCs and thus on-going relationships and trust with these LoCs would have an obvious advantage. In addition, technology platforms are also expected to incur substantial sales and marketing expenses to quickly acquire market share in the next few years.
- ***Increasing Penetration Rate Due to Laws and Policies Encouraging the Use of Third-Party Provided Medical Credentialing Services.*** The healthcare industry is heavily regulated in the United States. Laws and policies require a safe healthcare environment, and thus credentialing is a prerequisite for medical staff to be allowed to work in LoCs or admitted to networks of insurance companies. For example, medical credentialing is an essential part of the compliance program of NCQA. In particular, NCQA reviews credentialing policies, credentialing committees, ongoing monitoring and other mechanisms set up by LoCs. LoCs are increasingly motivated to use medical credentialing solutions to maintain compliance with these laws and policies. As a result, the penetration rate of medical credentialing services is expected to increase.

INDUSTRY OVERVIEW

- ***Increasing demand to reduce administrative costs in the U.S. healthcare system.*** The United States has long ranked first in terms of its per capita health expenditures, and are projected to continue rising in the next few years. However, the U.S. healthcare system is bearing costly administrative tasks, such as software spending, labor work, document handling etc., as physicians and other medical staff need to spend large amounts of time submitting different credentialing forms and interacting with health plans. Based on the cost estimation from the New England Journal of Medicine, the average credentialing cost for each physician is between US\$25,000 and US\$35,000; the cost for each nurse and other supporting medical staff is approximately between US\$7,500 and US\$14,000. These expenses are not directly related to providing goods or services to people in need of healthcare services, so there will be an increasing need for reductions in administrative costs and significant savings in time, which can instead be directed to the provision of healthcare services to patients. Technology platforms applied in medical credentialing would lower the total administrative costs and result in more savings. This is expected to boost more application of the credentialing technology platforms to streamline healthcare administration process and reduce costs.
- ***Development of Telemedicine and Home Care.*** With the development of Internet, telemedicine and home care have become recent trends for healthcare. These trends would further fragmentize the concept of “LoC” and eventually make medical credentialing even more costly and impractical if conducted in the traditional one-on-one manner. In addition, technology platforms with a large pool of credentialed doctor files are the natural media for physicians and patients to interact on a remote but real time basis, on a “trusted,” “credentialed” basis. This is particularly attractive for first-time online consultations for doctors and patients, which creates substantial opportunities for technology platforms to market their existing and future services.

HEALTHCARE CREDENTIALING MARKET OUTSIDE THE UNITED STATES

The third-party healthcare credentialing market in the United Kingdom, Canada and China is expected to reach US\$10.2 million, US\$12.2 million and US\$29.1 million, respectively, by 2022, according to CIC. Among these countries, the healthcare credentialing market in Canada has been stable and small as there has been no significant player other than VendorLink (prior to November 2014) or our Company (after we acquired certain assets of VendorLink) in the market. Healthcare credentialing is a growing industry that started to develop a few years ago in Canada and the United Kingdom. Therefore, the third-party healthcare credentialing penetration rate remains at a low level with the credentialing of vendor representatives and medical staff mainly done in-house by LoCs. Additionally, the healthcare credentialing market in China is currently a greenfield with a huge potential for credentialing service providers, according to CIC.

Healthcare Credentialing Market in China

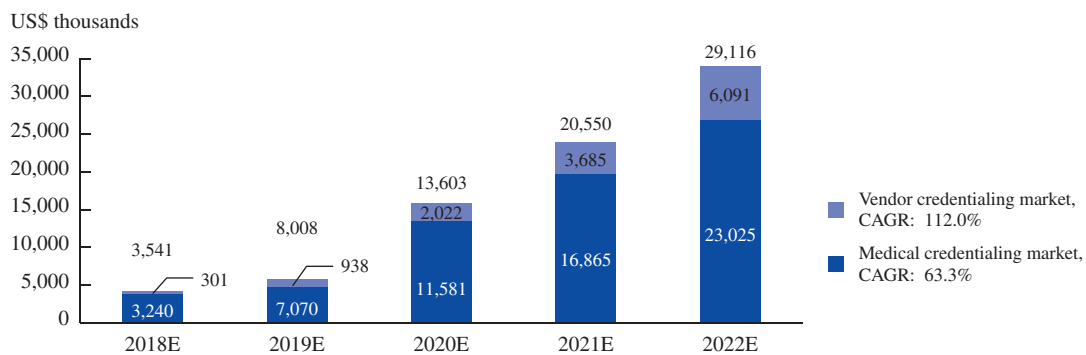
The healthcare credentialing market in China is currently a greenfield. Despite the less stringent regulations on credentialing of vendor representatives than those of the United States, there exists a huge potential for third-party credentialing service providers to break into this market and thrive. This is primarily attributable to the large number of medical professionals, combined with an increasing level of public awareness in China, which has been driving the need for a

INDUSTRY OVERVIEW

healthier and safer healthcare service delivery environment throughout the country. Furthermore, driven by the recent healthcare reform efforts and more stringent healthcare regulations to be promulgated by the PRC government, there is expected to be a rapidly growing demand for healthcare credentialing services in China. As the PRC government has attached increasing importance to the country's healthcare sector, the regulations targeting vendor representatives and medical staff have become more stringent, which will in turn motivate healthcare providers to utilize third-party credentialing services.

The total healthcare credentialing market in China is expected to grow from US\$3.5 million in 2018 to US\$29.1 million in 2022 at a CAGR of 69.3%. The following chart sets forth the projected size of the PRC healthcare credentialing market from 2018 to 2022:

PRC healthcare credentialing market size, 2018E–2022E



Source: NBS, CIC

Key business drivers of medical credentialing market in China include:

- **Increasing hospitalization incidences in China.** The number of inpatient cases has grown at a faster rate than outpatient visits in China. Between 2012 and 2016, the number of inpatient cases in China increased from 178.6 million in 2012 to reach 227.3 million in 2016, rising at a CAGR of 6.2%. During the same period, the number of outpatient visits underwent a period of slower growth, having increased from 6.5 billion in 2012 to reach 7.6 billion in 2016, climbing at a CAGR of 3.9%. This indicates that the healthcare system in China is faced with growing pressure due to the burgeoning number of inpatient visits, which is expected to cause a higher level of risk associated with the healthcare delivery environment both for patients themselves and for anyone entering LoCs. Thus, it is estimated that the healthcare system in China will be in greater need for medical credentialing platforms to achieve a safer and more efficient environment.
- **More stringent healthcare regulations.** The Chinese government has attached increasing importance to the country's healthcare sector, with regulations targeting vendor representatives and medical staff becoming stricter. Driven by the recent healthcare reform efforts and more stringent healthcare regulations to be promulgated by the government, there is expected to be a rapidly growing demand for medical credentialing, and consequently, third-party credentialing services in China.

OVERVIEW

Our Group is not subject to specific industry-related qualifications, licences or permits for carrying out our current businesses in the United States, provinces of Quebec and Ontario, Canada and the United Kingdom. However, our Group is subject to the general laws and regulations applicable to the business registration and operation and the sale of goods and supply of services in these jurisdictions. This section summarizes selected key current laws and regulations in the United States, United Kingdom and Canada that are materially relevant to our business and operations.

Our Group is expected to generate revenue from out-licensing to Sciencare Technology, a company incorporated in Beijing, China. However, none of the members in our Group has operations in China.

RELEVANT LAWS AND REGULATIONS OF THE UNITED STATES

The following summary is limited to certain material aspects of the laws and regulations of the United States that may govern the operations of a company in the United States. This summary is for general information purposes only, is not exhaustive of all possible laws and regulations of the United States that may be applicable to the operations of a company in the United States and is not intended to be, nor should it be construed as, legal advice to any particular investor.

Regulations, Standards and Guidelines on Healthcare Credentialing

Centers for Medicare and Medicaid Services (CMS)

As described for medical practitioners below, the federal government does not grant or issue licenses or registration to LoCs in the United States. Hospitals, nursing facilities, and other similar healthcare organizations must obtain licensure or certification as governed by state law. With that said, however, LoCs wishing to participate in federal healthcare programs such as Medicare or Medicaid must enroll and obtain approval from CMS as participating providers in such programs. This discussion is limited to CMS requirements for hospitals as LoCs, but CMS has similar requirements for other types of healthcare organizations/facilities.

To obtain approval as a participating Medicare provider, LoCs must certify that they operate in compliance with applicable conditions of participation (CoP). Hospitals, vendor representatives and medical staff are subject to respective CoPs.

The governing body of the LoC — which has ultimate authority to establish credentialing criteria for the LoC — must ensure that services provided “under a contract are provided in a safe and effective manner.” This standard means that the LoC, through its bylaws and operational policies and procedures, establishes the authority by which its contractors, including vendor representatives, may enter its facilities and interact with employees and patients. By contracting with the Company, LoCs can fulfill this requirement.

REGULATION

The medical staff of an LoC is subject to similar requirement, pursuant to which the governing body of an LoC has ultimate authority to determine the applicable credentialing requirements for medical staff authorized to treat patients within its facilities.

Failure to comply with applicable CoP may result in sanctions or penalties for the LoC, including, but not limited to, increased regulatory oversight by CMS, potential recoupment of reimbursement received from federal payers, and possible termination as a participating provider in a federal healthcare program. If services are performed, billed, and paid during a period of non-compliance, any such payment is subject to forfeiture. In fact, LoCs have an affirmative obligation to refund any overpayment of which they are aware within sixty days of discovery of the overpayment. Failure to do so could subject the LoC to potential False Claims Act or criminal liability.

For this reason, monitoring of any contracted parties — including vendor representatives and, as applicable, their corresponding medical device or pharmaceutical companies as employers — is critical to ensure CoP compliance and appropriate payment for services rendered.

Centers for Disease Control and Prevention (CDC)

The CDC has published various recommendations and guidelines aimed at assisting facility administrators, employees, clinicians and other individuals working in the healthcare setting (collectively, “Healthcare Personnel”) to optimize infection prevention and control programs. Healthcare Personnel include vendor representatives. According to CDC guidelines, infection prevention should be a priority in any setting where healthcare is delivered. Individuals with primary administrative oversight of a respective LoC must ensure sufficient resources to develop and maintain infection prevention and occupational health programs.

Per the CDC, infection prevention and control programs apply to individuals working in healthcare settings and who have the potential for exposure to patients or to infectious materials, including body substances, contaminated medical supplies and equipment, contaminated environmental surfaces, or contaminated air. Depending on the LoC, for example, the term Healthcare Personnel may include, but is not limited to, physicians, nurses, nursing assistants, therapists, technicians, emergency medical service personnel, dental personnel, pharmacists, laboratory personnel, autopsy personnel, students and trainees, contractual staff not employed by the LoC, and persons (*i.e.*, clerical, dietary, housekeeping, laundry, security, maintenance, administrative, billing, and volunteers) not directly involved in patient care but potentially exposed to infectious agents that can be transmitted to and from Healthcare Personnel and patients.

LoCs and Healthcare Personnel have a shared responsibility to prevent occupationally-acquired infections and avoid causing harm to patients by taking reasonable precautions to prevent transmission of vaccine-preventable diseases in the healthcare setting. To that end, CDC has recommended that secure, computerized, systems be used to manage vaccination records for Healthcare Personnel so records can be retrieved easily as needed. By contracting with the Company, LoCs implement this type of recordkeeping system.

REGULATION

As with CoP, development and implementation of policies and procedures to address CDC guidelines, including the determination whether to contract with the Company for its services, remain within the discretion and authority of the governing body of the LoC.

Occupational Safety and Health Administration (OSHA)

The Occupational Safety and Health Act of 1970 and its implementing regulations and similar statutes and regulations adopted by the states and other local entities that concern occupational health and safety, require covered employers to, among other things: (i) provide a workplace that is free from serious recognized hazards; (ii) comply with applicable safety standards and regulations; (iii) make certain that employees have and use safe tools and equipment; (iv) provide safety and health training and develop operating procedures that facilitate compliance with safety and health requirements and minimize the risk of injury in the workplace; (v) keep records of work-related injuries and illnesses; and (vi) obtain information, keep records and develop a written programs or procedures regarding hazardous chemicals to which its employees are exposed and provide such information to employees as well as the relevant government authorities upon request.

Pursuant to these requirements, LoCs must provide training with respect to various topics, including blood borne pathogens, exposure controls, laboratory safety, and tuberculosis infection control. The Company is impacted by these regulations as a service provider to the healthcare industry, and tracking of credentials for vendor representatives ensures that the LoC can ensure minimal exposure of certain conditions to its workforce and to its patients.

As with CoP and CDC guidelines and recommendations, development and implementation of policies and procedures to address OSHA requirements, including whether to contract with the Company for its services, remain within the discretion and authority of the governing body of the LoC.

The Joint Commission

The Joint Commission promulgates accreditation and certification standards for healthcare organizations. These standards include expectations regarding anyone entering a healthcare facility as well as requirements to provide and maintain certain workplace safety and interaction training for employees of a healthcare organization.

To maintain patient safety, accredited healthcare organizations (*e.g.*, LoCs) must be aware of who is entering the organization and their purpose at the organization. The governing body of the LoC must develop policies and procedures to ensure leaders within the organization can oversee operations and know their assigned responsibilities for administrative and clinical direction of programs, services, sites, and departments. This includes processes for knowing who is entering the organization and their purpose for doing so.

The Joint Commission standards implement additional expectations for non-licensed, non-employees that have a direct impact on patient care, such as vendor representatives who may have access to procedure rooms, operating rooms, or other patient areas. With respect to vendor representatives who access procedure and operating rooms, LoCs must take steps, including, but not

limited to: (i) ensuring that patient rights are respected, including communication, dignity, personal privacy; (ii) maintaining the confidentiality and integrity of health information; (iii) implementation of infection control precautions; and (iv) implementation of the patient safety program.

Medical Practitioners

In the United States, the federal government does not grant or issue licenses to medical practitioners, including physicians and nurses. The process for obtaining a medical license is governed by state law, so each of the 50 states has its own requirements for obtaining a medical license in each respective jurisdiction. In general, only those individuals with medical degrees from schools listed in the World Directory of Medical Schools (WDMS) are eligible for licensure as a physician. The WDMS replaced the AVICENNA Directory for medicine and the FAIMER International Medical Education Directory when the two organizations — AVICENNA and IMED — merged in 2014. The WDMS is now the definitive list of medical schools in the world, and those seeking medical licensure must have a degree from one of the schools in the directory.

To qualify for licensure, applicants must pass written examinations and satisfy a myriad of other requirements as determined by each state. The most commonly accepted examination is the United States Medical Licensing Examination (USMLE), which is a three-step examination sponsored by the Federation of State Medical Boards (FSMB) and the National Board of Medical Examiners (NBME). According to its website, the USMLE “assesses a physician’s ability to apply knowledge, concepts, and principles, and to demonstrate fundamental patient-centered skills, that are important in health and disease and that constitute the basis of safe and effective patient care.” Applicants must demonstrate satisfactory completion of the USMLE to move forward in the licensure process. And while the USMLE is the most commonly accepted examinations, some states accept passing scores from the Federation Licensing Examination (FLEX), the Licentiate of the Medical Council of Canada (LMCC) for Canadian candidates, or the National Board of Osteopathic Medical Examination (NBOME) for candidates who hold a doctor of osteopathy (D.O.) degree in lieu of a doctor of medicine (M.D.) degree.

Each of the state medical boards sets its own requirements for physician licensure. So in addition to passage of the allowed examination, applicants must also submit proof of education, sufficient training, and other items deemed necessary by the applicable state medical board. Almost all such items are verified pursuant to primary source verification (PSV), which requires verification of a specific credential from the original source of the requirement. With PSV, state medical boards have assurance that the individual applicant actually satisfies each specific qualification requirements.

Once started, the licensure process for most physicians takes between three and six months to complete. Upon licensure, physicians must seek and maintain specified continuing medical education credits, which are established pursuant to the physician’s medical specialty and state requirements. Likewise, each state will set forth the time period in which a physician must submit information for recertification of licensure. The specific time period for such recertification will be established by the respective medical board in a given jurisdiction.

Nurses

Like the licensure process for physicians, each state in the United States develops rules and regulations to govern the practice of nursing within the applicable jurisdiction. This includes the rules and regulations for licensure. Most nursing practice acts contain comparable information and requirements and are modeled on the model practice acts issues by the American Nursing Association (ANA) or the National Council of State Board of Nursing (NCSBN).

Unlike physicians, nurses may generally be licensed in one of three categories — licensed vocational nurse (LVN), registered nurse (RN), or advance practice nurse (APN) aka nurse practitioner. Each level of licensure corresponds to prescribed years of education and training. In the most general terms, LVN corresponds to an associate degree, RN to a bachelor degree, and APN to an advanced degree. The level of training increases in similar fashion. Nurses seeking licensure as an RN or APN must pass a written examination before proceeding through the other licensure requirements. The common examination accepted by most, if not all, states is the National Council Licensure Examination (NCLEX), and there are two versions of the examination — NCLEX-RN for the RN license and the NCLEX-PN for the APN license. The NCLEX has been recognized and in use in the United States since 1994 and in Canada since 2015. And similar to physician licensure, nursing boards use PSV to assure that the individual applicant satisfies the specified qualification requirements.

Once started, the licensure process for most nurses takes between two to eight weeks to complete. Upon licensure, nurses must seek and maintain specified continuing nursing education credits. Likewise, each state will set forth the time period in which a nurse must submit information for recertification of licensure. The specific continuing education requirements and time periods for license recertification, respectively, will be established by the nursing board in a given jurisdiction.

Regulations on Information Security and Privacy Protection

- ***Privacy and Information Security Laws.*** U.S. federal, state, and foreign privacy and information-security laws and regulations restricting the collection, use, maintenance, security, disclosure, transmission, and disposal of personal information require companies to make at least reasonable efforts to protect personal information from unauthorized access, use, or disclosure; limit the ability of companies to collect information or use and disclose the information in their databases or derived from other sources to generate revenues and require companies to comply with any commitments to consumers and counter-parties with respect to the foregoing. It may be costly to implement privacy, security or other measures designed to comply with new legislation or changes to existing laws. Fines, penalties, private damages, costs of corrective actions, or other costs of non-compliance may be severe.
- ***Health Insurance Portability and Accountability Act (HIPAA).*** HIPAA regulations require certain organizations (known as covered entities), including most healthcare providers and health plans, to adopt safeguards regarding the use and disclosure of health-related information. HIPAA regulations also require these organizations to provide reasonable and appropriate safeguards to protect the privacy, integrity and confidentiality

of individually identifiable healthcare information. Covered entities are required to establish, maintain and provide training with regard to their policies and procedures for protecting the integrity and confidentiality of individually identifiable healthcare information and must document training on these topics to support their compliance. Certain HIPAA privacy and security requirements apply to entities (known as business associates) that handle individually identifiable healthcare information on behalf of covered entities or other business associates. Covered entities, business associates and their subcontractors may be directly subject to criminal and civil sanctions for violations of HIPAA privacy and security standards. Under its current business model, while the Company is not subject to HIPAA, it protects healthcare information in accordance with industry standards consistent with HIPAA requirements.

- ***Information Security Accountability Regulation.*** HIPAA business associates are required to report certain breaches of protected health information to covered entities as their customers, which must in turn notify affected individuals, the U.S. Department of Health and Human Services (HHS) and, in certain situations involving large breaches, the media. All non-permitted uses or disclosures of unsecured, protected health information are presumed to be breaches unless the covered entity or business associate establishes that there is a low probability the information has been compromised. In addition, business associates are subject to certain state laws that relate to privacy or the reporting of security breaches. Often, those state laws require notification of security breaches involving personal information and medical information. Further, the U.S. Congress has considered bills that would require companies to engage independent third parties to audit the companies' computer information security. Under its current business model, the Company cooperates with its customers when notifications under applicable laws are required.

Regulations Relating to Intellectual Property and Royalty

In general, the intellectual property laws of the United States are designed to incentivize development and protect against unfair competition (through copyrights) by providing copyright owners the exclusive legal right to copy, make derivative works from, distribute and otherwise exploit their works of creative expression, though not ideas; (through patent) providing inventors with the right to keep others from making, using or selling their invented claims for a certain period of time; (through trademark) preventing third parties from causing confusion, mistake, or deception as to the source and affiliations of goods and services; and (through trade secrets) preventing confidential and proprietary materials which are held in confidence, cannot readily be obtained, and provide an opportunity to gain an advantage, from being taken and misused by improper means such as breach of confidence.

Copyrights are original works of artistic and intellectual expression embodied in a tangible medium. The U.S. Copyright Office regulates copyrights in the United States under the authority granted by the federal Copyright Act. In the United States, federal law grants a copyright owner exclusive control over several rights, including the right to distribute, copy, publicly display, and otherwise exploit the work embodied in the copyright. In the United States, copyright owners must

REGULATION

generally register a copyright before bringing a claim against a third party for copyright infringement in a U.S. federal court. Protection lasts for the life of the author plus 70 years. Copyright extends only to creative expressions, and not to ideas no matter how they are expressed or embodied. The Company owns unregistered copyrights.

Trademarks are symbols, words, or other means used to designate the source of a particular good or service. In the United States, the Lanham Act governs the rules of eligibility for federal trademark registration and protection. A trademark owner can bring an action to prevent unauthorized third parties from using similar marks in a way that would create confusion as to the source of any associated goods or services. Trademark rights may be maintained indefinitely in the United States, but protection may be lost if the mark is no longer used to identify goods or services or the mark otherwise loses its significance as a designator of source or affiliation. A trademark must be used in commerce in the United States to be entitled to protection. Registration is not required for trademark protection, but federal registration, which involves an examination process, is advisable for the presumptions and rights afforded registered marks. In addition, an application for federal registration of a mark may be filed if there is an intent to use the mark. The mark must be used before it can be registered, but the registrant's priority to the mark is the date of the application. The protection of a trademark is determined under pertinent federal or state laws. A trade mark owner can bring an infringement action in federal or state court and seek an injunction and damages. In the case of willful infringement, enhanced damages, costs and attorneys' fees may be available. A trademark is protected as long as it is used or not abandoned. A federal registration is for ten years as long as a statutory declaration of use is filed between the fifth and sixth years of registration and the registration can be renewed for ten-year periods. The Company licenses trademarks from an affiliate and has acquired certain common-law rights through use of marks in commerce.

Trade secrets are protected in the United States under the federal Defend Trade Secrets Act, and at the state level, generally, through Uniform Trade Secrets Acts in force in 48 of the 50 states. There is no official registration policy for trade secrets, and our continued right to protect our trade secrets are preserved by our own efforts to maintain secrecy. Trade secret owners can bring an action against third parties for misappropriation if a third party obtains access to a trade secret by improper means. Among other remedies, the owner can be awarded damages for the misappropriation. In addition, the government can seek criminal penalties for economic espionage or theft of trade secrets. Trade secret protection lasts for as long as the information is not readily available, is maintained in confidence through reasonable means and provides an economic advantage from being kept secret. However, competitors may independently develop similar materials or functionality at any time, without liability to the owner of a trade secret. The Company heavily relies on trade secret protection.

Regulations Relating to Employment and Social Welfare

In the specific states of the United States in which the Company has employees, the general rule is of employment at-will. Absent a written employment contract to the contrary, an employee's period of employment and/or other terms and conditions of employment can be terminated or

REGULATION

modified at any time, for any reason or no reason, with or without advanced notice. Absent a written employment contract to the contrary, severance pay is also not required by applicable federal or state laws.

In the United States, certain employment laws also regulate other aspects of the employer-employee relationship and workplace activities. Federal, state and local laws often differ, with any federal restrictions generally taking precedence over state or local laws and regulations. Among the aspects of the employer-employee relationship subject to applicable law are hours of work, minimum wages, overtime wages for exceeding a set number of hours per week, immigration, equal employment opportunity and fair employment practices, equal pay, employee benefits, mass layoffs, leave entitlements, collective bargaining, occupational safety and health, workers compensation, unemployment benefits, and affirmative action. Key federal agencies responsible for the enforcement of these laws include the United States Department of Labor (DOL), the Equal Employment Opportunity Commission (EEOC), the National Labor Relations Board (NLRB), and the Immigration and Customs Enforcement (ICE) division of the Department of Homeland Security. Among the major such laws are:

- ***Wage and Hour Laws.*** The federal Fair Labor Standards Act of 1938 (FLSA) establishes standards for minimum wages, overtime, child labor, and employer recordkeeping. FLSA does not limit an employee's work hours, but it does require covered workers who work more than forty (40) hours in a week to be paid at least 1½ times the regular rate of pay for hours worked in excess of 40 hours per week. Several states set their minimum wage and overtime requirement that may mirror or exceed the federal standards.
- ***Discrimination, Harassment, Retaliation and Related Laws.*** Title VII of the Civil Rights Act of 1964 (Title VII), along with several other similar federal laws enforced by the EEOC and the regulations adopted pursuant to those laws, protect employees from unlawful discrimination, harassment, and/or retaliation by covered employers based on legally protected classes such as race, color, sex, pregnancy or pregnancy-related conditions, religion, national origin, age, protected disability, or genetic information. The federal Equal Pay Act of 1963 (EPA) makes it illegal to pay different wages to men and women if they perform equal work as deemed equal under the law in the same workplace. Many of these laws also make it illegal to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. Several states also set their own legally protected classes and other protections that may mirror or exceed the federal standards.
- ***Unpaid/Paid Leave Periods.*** Employers who are covered by the federal Family and Medical Leave Act of 1993 (FMLA) or a state-law equivalent of the FMLA, including companies with 50 or more employees, are required to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the birth or adoption of a child or for the serious illness of the employee or a spouse, child or parent, or other qualifying events.

REGULATION

Some states in which the Company has employees may have different requirements pertaining to FMLA, paid sick, or school-related parental leave for employees who are eligible for such leave or benefits.

- ***Occupational Health and Safety.*** The Occupational Safety and Health Act of 1970 and similar statutes and regulations adopted by the states and other local entities that concern occupational health and safety, further information on which is set out above.
- ***Collective Bargaining Laws.*** The federal National Labor Relations Act of 1935 (NLRA) states and defines the rights of employees to organize and to bargain collectively with their employers through representatives of their own choosing or not to do so. To ensure that employees can freely choose their own representatives for the purpose of collective bargaining, or choose not to be represented, the NLRA establishes a procedure by which employees can exercise rights under the NLRA or establish workplace unions. Further, to protect the rights of employees and employers, and to prevent labor disputes that would adversely affect the rights of the public, the NLRA defines and prohibits certain practices of employers and unions as unfair labor practices.
- ***U.S. Employment Eligibility Verification Laws.*** The Immigration Reform and Control Act of 1986 (IRCA) prohibits covered employers from hiring or referring individuals who are not legally authorized to work in the United States. Employers are also required to thoroughly check the identity and employment authorization of employees.
- ***Layoffs/Plant Closings.*** Employers who are covered by the federal Worker Adjustment and Retraining Notification Act of 1988 (WARN), generally those with 100 or more employees, or state-law equivalents of the WARN Act may be required to provide employees with early warning of impending layoffs or plant closings, in some cases, with sixty (60) days' advance notice of such qualifying events.
- ***Workers' Compensation for Job-Related Injuries.*** There is no federal law applicable to private employers which mandates compensation paid to employees for job-related injuries or illnesses. States have adopted their own workers' compensation programs which may require employers to provide job modifications or alternative assignments, wage or income replacement benefits, or other payments for job-related injuries, illnesses, or death.
- ***Benefit Plans.*** The federal Employee Retirement Income Security Act of 1974 (ERISA) regulates employers who offer pension or welfare benefit plans for their employees.

RELEVANT LAWS AND REGULATIONS OF ENGLAND

The following summary is limited to certain material aspects of the laws and regulations of England that may govern the operations of a company in England or (in relation to the sub-section headed "Regulations Relating to Medical Staff") be applicable to medical staff in England. This summary is for general information purposes only, is not exhaustive of all possible laws and

regulations of England that may be applicable to medical staff in England the operations of a company in England and is not intended to be, nor should it be construed as, legal advice to any particular investor.

Standards and Guidelines Relating to Vendor Credentialing

In relation to the National Health Service (the “NHS”), the organisation NHS Employers states that there are six NHS Employment Check Standards that outline the type and level of checks employers must carry out before recruiting staff into NHS positions. The six checks NHS Employers refer to (and which they provide guidance/resources/information on) are: identity checks; employment history and reference checks; work health assessments; professional registration and qualification checks; right to work checks; and criminal records checks.

The General Medical Council (“GMC”) provide a guide intended to help employers understand their obligations when employing and contracting with doctors. Such guide covers (with respect to employing doctors) areas such as: registration and licensing requirements; pre-employment checks; what to check; GMC reference numbers relating to doctors; a doctor’s identity; doctors with restrictions on their practice; and doctors working overseas.

Under the full length NHS Standard Contract 2017/2018 and 2018/2019 (May 2018 Edition) (the “Contract”), there are various provisions placing obligations on the provider (the “Provider”) of services in relation to all persons (the “Staff”) employed or engaged by the Provider or any relevant sub-contractor in the provision of the relevant services (the “Services”). These obligations include: (a) ensuring that there are sufficient appropriately registered, qualified and experienced medical, nursing and other clinical and non-clinical Staff to enable the Services to be provided in all respects and at all times in accordance with the relevant contract; (b) ensuring that all Staff, if applicable, are registered with and where required have completed their revalidations by the appropriate professional regulatory body; (c) ensuring that all Staff, if applicable, are registered with and where required have completed their revalidations by the appropriate professional regulatory body; (d) ensuring that all Staff, are covered by the Provider’s (and/or by the relevant sub-contractor’s) insurance policy and/or indemnity arrangements for the provision of the Services; and (e) ensuring that all Staff receive proper and sufficient induction, continuous professional and personal development, clinical supervision, training and instruction. Moreover, under the Contract’s terms, before the Provider or any relevant sub-contractor engages or employs any person in the provision of the Services, or in any activity related to or connected with, the provision of Services, the Provider must, and must ensure that any relevant sub-contractor will, at its own cost, comply with: certain employment check standards; and other checks as required by the Disclosure and Barring Service or which are to be undertaken in accordance with current and future national guidelines and policies.

A hospital may establish policies regarding matters to be satisfied by a vendor representative prior to them being granted access to a restricted access area of such hospital. Such policies may be inspired by a desire to better ensure that relevant duties (e.g. a duty of care at law) owed by the hospital to patients and/or employees are not compromised by a vendor representative.

Regulations Relating to Medical Staff

Doctors

The Medical Act 1983 (the “MA”) is a key piece of legislation dealing with the regulation of doctors. The MA (amongst other things) empowers and places duties on the General Medical Council (the “GMC”) to regulate various matters relating to doctors.

The MA states that the over-arching objective of the GMC in exercising their functions is the protection of the public, and that the pursuit by the GMC of their over-arching objective involves the pursuit of the following objectives: (a) to protect, promote and maintain the health, safety and well-being of the public; (b) to promote and maintain public confidence in the medical profession; and (c) to promote and maintain proper professional standards and conduct for members of that profession.

The MA (amongst other things) requires: (a) that the registrar (the “Registrar”) of the GMC keeps a register of medical practitioners registered under the MA containing the names of those registered and the qualifications they are entitled to have registered under the MA; and (b) the GMC make regulations with respect to licences to practise, and that (broadly speaking) a licence to practise is a licence granted under and in accordance with the MA to a medical practitioner by the Registrar or an appropriate officer, panel or committee of the GMC.

Due to the privileges that Part VI of the MA confers only on a person who is fully registered and holding a licence to practise, broadly speaking a person has to properly register and be licensed via the GMC in order: (a) to work as a doctor in the public sector; (b) to recover any charge in any court of law for any medical advice or attendance, or for the performance of any operation; and/or (c) to ensure the validity of a certificate signed by them which is required by any enactment, whether passed before or after the commencement of the MA, from any physician, surgeon, licentiate in medicine and surgery or other medical practitioner.

Broadly speaking, the GMC seeks to subject persons registered and licensed via the GMC as medical practitioners to a revalidation process which broadly speaking should take place at least once every 5 years.

Nurses and Midwives

The Nursing and Midwifery Order 2001 (the “NMO”) is a key piece legislation dealing with the regulation of nurses and midwives. The NMO (amongst other things) requires the creation of and empowers and places duties on a body corporate known as the Nursing and Midwifery Council (the “NMC”) to regulate various matters relating to nurses and midwives.

The NMO states that: (a) the principal functions of the NMC shall be to establish from time to time standards of education, training, conduct and performance for nurses and midwives and to ensure the maintenance of those standards; and (b) the main objective of the NMC in exercising its functions shall be to safeguard the health and well-being of persons using or needing the services of registrants (i.e. broadly speaking nurses and midwives registered with the NMC).

The NMO (amongst other things) requires: (a) that in accordance with the provisions of the NMO the NMC establish and maintain a register (the “Register”) of qualified nurses and midwives; and (b) that NMC establish the standards of proficiency necessary to be admitted to the different parts of the Register being the standards NMC considers necessary for safe and effective practice under that part of the Register; and (c) prescribe the requirements to be met as to the evidence of good health and good character in order to satisfy the Registrar (i.e. the person appointed as such by the NMC to satisfy the requirements of the NMO) that an applicant is capable of safe and effective practice as a nurse or midwife.

Broadly speaking a person has to properly register via the NMC in order to help ensure or to ensure that they do not breach certain provisions of the NMO. For example: (a) it is an offence under the NMO if a person with intent to deceive (whether expressly or by implication) uses a title designated in the Register unless that person is registered in the Register in a part corresponding with such title; and/or (b) it is an offence under the NMO if a person other than a registered midwife or a registered medical practitioner attends a woman in childbirth.

Broadly speaking, the NMC seeks to subject persons registered via the NMC as a nurse or midwife to a revalidation process which broadly speaking should take place at least once every 3 years.

Regulations Relating to Personal Information Protection

The EU General Regulation of the European Parliament and the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the “GDPR”) came into force in the United Kingdom on 25 May 2018, and contains key legislation dealing with data protection matters.

The GDPR applies obligations to data “controllers” (e.g. broadly speaking the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data) and data “processors” (e.g. broadly speaking a natural or legal person, public authority, agency or other body which processes personal data on behalf of the data controller) in relation to “personal data” (e.g. any information relating to an identified or identifiable natural person). Most obligations under the GDPR fall on the data “controller”.

The GDPR does not apply to certain activities including processing for national security purposes and processing of personal data carried out by individuals purely for personal/household activities.

The data protection principles in the GDPR set out the main responsibilities for organisations, and broadly speaking require that personal data shall be: (a) processed lawfully, fairly and in a transparent manner in relation to individuals; (b) collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes shall not be considered to be incompatible with the initial purposes; (c) adequate, relevant and limited to what is necessary in relation to the purposes for which they are

processed; (d) accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay; (e) kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organizational measures required by the GDPR in order to safeguard the rights and freedoms of individuals; and (f) processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

The GDPR requires that the data “controller” shall be responsible for, and be able to demonstrate, compliance with such principles.

In the UK, the Data Protection Act 2018 (the “DPA 2018”) supplements the GDPR and the two should be read together. Some key aspects of the DPA 2018 include the following; (a) it repeals and replaces the Data Protection Act 1998; (b) it addresses the elements of the GDPR where national law may elaborate on the relevant provisions (for example, derogations and exemptions); (c) goes further than the GDPR by addressing data processing in law enforcement and the intelligence services; and (d) it incorporates the GDPR into UK law.

Regulations Relating to Employment

Obligations and responsibilities are imposed on employers by a wide range of legislation.

Under the Equality Act 2010, it is unlawful to discriminate against people at work because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and/or sexual orientation.

Under the National Minimum Wage Act 1998, the National Minimum Wage Regulations 2015 and the National Minimum Wage (Amendment) Regulations 2016, an employer must pay: (a) the applicable national minimum wage (which, broadly speaking is fixed by reference to the age of the worker (who should be less than 25 years old) and whether they are an apprentice) with 21–24 years old entitled to receive the greatest amount of (currently) £7.38 per hour; and (b) the applicable national living wage (which broadly speaking applies to all workers who are 25 years of age or older) which is (currently) £7.83 per hour.

Under the Pensions Act 2008, every employer in the United Kingdom must enroll certain staff into a workplace pension and contribute towards it. This is called “automatic enrolment”. Employers must pay at least the legal minimum contribution, which is currently set at 2% of a worker’s qualifying earnings. However, they may decide to pay more if they wish.

Under applicable health and safety legislation, broadly speaking it is an employer's duty to protect the health, safety and welfare of their employees. Broadly speaking, such duties potentially include: (a) controlling various risks to injury or health that could arise in the workplace; (b) assessing risks in the workplace; and (c) giving employees information about the risks in the workplace and how they are protected, and also instructing and training employees on how to deal with the risks.

Regulations on Provision of Credentialing Software Platform

No governmental license or permit is generally required under English law applicable to companies generally to be obtained by an English company specifically in order to provide a cloud-based platform for credentialing vendor representative, for the purpose of enabling a vendor representative to upload prima facie documentary evidence onto the cloud-based platform to assist relevant staff at a hospital in assessing whether or not such vendor representative meets the criteria (as per such hospital's own policy) for being allowed access to a given restricted-access area of such hospital. Regulations and policies specifically applicable only to primary healthcare services providers such as hospitals (e.g. in relation to the management of hospitals and medical staff employed by hospitals, immunization for hospital staff, and radiation exposure monitoring for hospital staff and patients etc.) would not be applicable to an English company that does not provide any primary healthcare services.

Regulations Relating to Intellectual Property (Trade Marks)

There are three main ways to register a trade mark in the European Union (the "EU").

A trade mark can be registered at national level, at the national IP office, or at the EU level as a European Union Trade Mark ("EUTM") at the European Union Intellectual Property Office (the "EUIPO"). National trade marks and EUTMs coexist and are complementary to each other. The same trade mark can be registered at the European Union and/or national level. The EUTM system creates a unified trade mark registration system in the European Union that grants the owner an exclusive right in all 28 EU countries.

The third way is the Madrid System, which is controlled by the World Intellectual Property Organisation ("WIPO"), based in Geneva, Switzerland. It is a filing treaty and not a substantive harmonisation treaty. It provides a cost effective and efficient way for trade mark holders to ensure protection for their marks in multiple countries (and notably in the European Union and the United Kingdom) through the filing of one application with a single office.

United Kingdom

Registered Trade Marks

The Trade Marks Act 1994 (the “Act”), as amended, is the current law that covers the registration of trade marks and the protection of registered trade marks in the UK. The UK Intellectual Property Office (the “UKIPO”) administers the Act so far as the registration of trade marks is concerned according to detailed Trade Marks Rules. The Trade Marks Rules 2008 came into force on 1 October 2008.

A registered trade mark is a property right obtained by the registration of the trade mark under the Act and the proprietor of a registered trade mark has the rights and remedies provided by the Act.

Common Law Rights

Unregistered trade mark rights are protectable under the law of passing off. Taking into account the factors set out in the UK case of *Reckitt & Colman Ltd v Borden Inc* ([1990] “*Reckitt & Colman*” 1 All E.R. 873, it was established that the following criteria would be necessary in order to conclude that the UK non-registered trade mark right of passing off has occurred:

- The Opponent has acquired goodwill and reputation based rights through use of the Opponent’s Unregistered Rights in the United Kingdom;
- Such that the use of the Applicant’s Mark would be likely to lead to a misrepresentation on the part of the public, leading to the belief that the goods offered under the Applicant’s Mark were connected with the Opponent; and
- This would be likely to cause damage to the Opponent, both in term of financial damage through diversion of sales to the Applicant and also to the reputation of the Opponent, if the Applicant’s goods are inferior to those of the Opponent. This risk is particularly heightened due to the similar nature of the Applicant’s Mark to the Opponent’s Unregistered Rights and the identical/highly similar goods covered by the Applicant’s Mark

European Union (28 countries including the United Kingdom)

The Regulation 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the EUTM is the key legislation.

Commission Implementing Regulation (EU) 2018/626 of 5 March 2018 laying down detailed rules for implementing certain provisions of Regulation (EU) 2017/1001 of the European Parliament and of the Council on the European Union trade mark, and repealing Implementing Regulation (EU) 2017/1431 as well as Commission Delegated Regulation (EU) 2018/625 of 5 March 2018 supplementing Regulation (EU) 2017/1001 of the European Parliament and of the Council on the European Union trade mark, and repealing Delegated Regulation (EU) 2017/1430 govern the EU trade mark system.

Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks also constitutes a relevant legal text.

The Madrid Agreement and Protocol

The Madrid System for the International Registration of Marks is governed by two treaties:

- The **Madrid Agreement**, concluded in 1891 and revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957) and Stockholm (1967), and amended in 1979, and
- The **Protocol** relating to that Agreement, concluded in 1989, which aims to make the Madrid System more flexible and more compatible with the domestic legislation of certain countries or intergovernmental organisations that had not been able to accede to the Agreement.

An application for international registration may be filed only by a natural person or legal entity having a connection — through establishment, domicile or nationality — with a states and organisations party to the Madrid System (the “Contracting Party”). A mark may be the subject of an international application only if it is based on an application for registration or a registered trade mark. An application for international registration must designate one or more Contracting Parties in which protection is sought. The effects of an international registration in each designated Contracting Party are, from the date of the international registration, the same as if the mark had been filed directly with the office of that Contracting Party.

Common Rules to These Systems

A “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.

A trade mark application must include a list of all goods and services (the “specification”) for which the applicant uses or intends to use the trade mark. Trade mark rights are territorial: they only give protection in the country(ies) where they are granted or registered.

A registered trade mark and an application for registration are both personal property. This means that an applicant must be an individual (a natural person) or some sort of legal person, capable of owning property in their own name.

A trade mark registration is effective for 10 years. It may be renewed for further periods of 10 years on payment of the prescribed fees.

REGULATION

Regulations Relating to Intellectual Property License Fees/Royalties

A license is an agreement between the IP right owner and another party. It grants them permission to use the IP rights which would have been an infringement of the rights without the license.

There is no particular regulation related to license fee, although there are tax considerations.

RELEVANT LAWS AND REGULATIONS OF CANADA

The following summary is limited to certain material aspects of the laws and regulations of Canada that may govern the operations of a company in Canada or (in relation to the sub-section headed “Regulations Relating to Medical Staff”) be applicable to medical staff in Canada. This summary is for general information purposes only, is not exhaustive of all possible laws and regulations of Canada that may be applicable to medical staff in Canada or the operations of a company in Canada and is not intended to be, nor should it be construed as, legal advice to any particular investor.

Standard Relating to Vendor Credentialing

The Healthcare Supply Chain Network, an industry association of health care suppliers, has elaborated a National Standard for Vendor Credentialing (“National Standard”) which allows vendors to have a single annual credentialing attestation for all the Canadian healthcare organizations that adopt the National Standard. Individual health facilities may also have organization-specific codes of conduct or guidelines applicable to vendors.

Regulations Relating to Medical Staff

In Canada, provincial and territorial governments have jurisdiction to regulate the delivery of health care within their territory and such jurisdiction covers the regulation of various health-care professionals such as doctors and nurses. Each province and territory has its own legislation governing the practice of doctors and nurses, and has delegated to separate regulatory bodies the responsibility of licensing and regulating the practice of doctors and nurses. Such regulated bodies’ mandate generally includes establishing registration and licensing requirements to practise in their jurisdiction and enforcing disciplinary measures against their members.

Regulations Relating to Personal Information Protection

All businesses in Canada are subject to legislation that regulates the collection, use and disclosure of personal information in the course of commercial activity. “Personal information” generally means information about an identifiable individual.

The collection, use and disclosure of personal information by private sector organizations and entities within the provinces of British Columbia, Alberta and Québec is regulated by legislation in force in each of those provinces. The federal Personal Information Protection and Electronic Documents Act (PIPEDA) governs the collection, use and disclosure of personal information in provinces and in the territories that have not yet adopted substantially similar privacy legislation, as

well as in the course of inter-provincial and international commercial activities. PIPEDA also applies (regardless of the province) to all federally regulated undertakings (such as banks and telecommunications service providers).

In addition to general private sector privacy laws, every province and territory has its own laws that apply to provincial government agencies and their handling of personal information, several provinces also have specific health privacy legislation to protect personal health information and certain provinces have passed privacy laws that apply to employee information.

Regulations Relating to Employment

Employment in Canada is regulated and is governed by both legislation and common law principles.

All Canadian jurisdictions have enacted legislation that governs minimum employment standards. Generally, employment standards acts (ESAs) are broad and apply to all employment contracts, whether oral or written. The standards defined in the ESAs are minimum standards only, and employers are prohibited from contracting out or otherwise circumventing the established minimum standards. These laws describe which classes of employees are covered by each minimum standard and which classes of employees are excluded. Although standards vary across jurisdictions, many topics covered are common to all ESAs, including minimum wages, maximum hours of work, overtime hours and wages, rest and meal periods, statutory holidays, vacation periods and vacation pay, layoff, termination and severance pay and job-protected leaves of absence.

All Canadian jurisdictions have enacted human rights codes or acts that specifically prohibit various kinds of discrimination in employment. Human rights legislation in Canada generally provides that persons have a right to equal treatment and a workplace free of discrimination and harassment on the basis of any of the prohibited grounds.

The federal government and all provincial jurisdictions have enacted laws designed to ensure worker health and safety, as well as compensation in cases of industrial accident or disease. Employers must set up and monitor appropriate health and safety programs. In provinces such as Alberta, Saskatchewan, Manitoba and Ontario, occupational health and safety legislation requires a workplace violence and/or harassment policy. The purpose of occupational health and safety legislation is to protect the safety, health and welfare of employees as well as the safety, health and welfare of non-employees entering worksites.

Regulations on the Provision of a Credentialing Software Platform

No governmental license or permit is generally required by law applicable to companies operating in Canada to be obtained in order to provide a cloud-based platform for credentialing vendor representatives, for the purpose of enabling a vendor representative to upload prima facie documentary evidence onto the cloud-based platform to assist relevant staff at a hospital in assessing whether or not such vendor representative meets the criteria (as per such hospital's own policy) for being allowed access to a given restricted-access area of such hospital. Regulations and

policies specifically applicable only to primary healthcare services providers such as hospitals (e.g. in relation to the management of hospitals and medical staff employed by hospitals, immunization for hospital staff, and radiation exposure monitoring for hospital staff and patients etc.) would not be applicable to a company operating in Canada that does not provide any primary healthcare services.

Regulations Relating to Intellectual Property and Royalty

The federal laws on patents, copyright and trade-marks provide the principal protection for intellectual property in Canada. Canada is a member of the WTO agreement on Trade-Related Aspects of Intellectual Property Rights and has agreed to the minimum standards of protection and reciprocal treatment provided in this treaty.

Canadian common law also protects against the misappropriation of trade secrets, personality rights and passing off, among other things.

RELEVANT LAWS AND REGULATIONS OF THE PRC

Regulations on Value-Added Telecommunications Services

The *Telecommunications Regulations of the People's Republic of China* (《中華人民共和國電信條例》, the “Telecommunications Regulations”), promulgated by the State Council on September 25, 2000 and most recently amended on February 6, 2016, set out a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations categorize telecommunications services into basic telecommunication services and value-added telecommunications services (“VATS”), and information services provided via fixed network, mobile network and Internet fall within VATS.

In September 2000, the State Council issued the *Administrative Measures on Internet Information Services* (《互聯網信息服務管理辦法》), which was amended on January 8, 2011. Pursuant to these administrative measures, “Internet information services” refers to the provision of information through the Internet to online users, and are divided into “commercial Internet information services” and “non-commercial Internet information services”. A commercial Internet information services operator must obtain a VATS license for Internet information services from the relevant government authorities before engaging in any commercial Internet information services operations in the PRC, while such license is not required if the operator will only provide Internet information on a non-commercial basis. The *Administrative Measures on Telecommunications Business Operating Licenses* (《電信業務經營許可管理辦法》), promulgated by the Ministry of Industry and Information Technology of the People's Republic of China (the “MIIT”) in 2009 and most recently amended in July 2017, set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses.

Pursuant to the *Administrative Provisions on Information Services of Mobile Internet Applications* (《移動互聯網應用程序信息服務管理規定》), the information service providers of mobile Internet applications are also required to obtain relevant qualifications and shall be responsible for the supervision and administration of mobile application information required by laws and regulations.

The MIIT released the *Circular on Regulating the Use of Domain Names in Internet Information Services* (《關於規範互聯網信息服務使用域名的通知》) on November 27, 2017, effective from January 1, 2018, which provides that the domain names used by the Internet information service provider in providing Internet information services shall be registered and owned by such Internet information service provider, and if the Internet information service provider is a legal entity, the domain name registrant shall be the legal entity (or any of its shareholders), or its principal or senior manager.

Regulations on Foreign Investment in China and Foreign Investment Restrictions on Value-Added Telecommunications Services

Foreign investment access in the PRC is primarily governed by the *Catalogue of Industries for Guiding Foreign Investment* (《外商投資產業指導目錄》, the “Catalogue”). According to the most recently amended Catalogue which was promulgated by the State Development and Reform Commission (the “NDRC”) together with the Ministry of Commerce (the “MOFCOM”) on June 28, 2017, the Catalogue divides industries into two categories: encouraged category and industries that fall under the foreign investment negative list. The foreign investment negative list is further divided into two parts: restricted category and prohibited category. Unless otherwise stipulated by laws or regulations, a foreign investor may invest in industries that are not classified as prohibited. Industries not listed in the Catalogue are generally deemed to be in a fourth “permitted” category, and are generally open to foreign investment unless specifically restricted by other PRC laws and regulations. In addition, on June 28, 2018, the MOFCOM and the NDRC jointly promulgated the *Special Administrative Measures for Access of Foreign Investment (Negative List) (2018 Edition)* (《外商投資准入特別管理措施(負面清單)(2018年版)》) (the “Negative List”), which became effective on July 28, 2018. The special administrative measures for access of foreign investment (also known as the negative list on access of foreign investment), as provided in the Catalogue, were repealed simultaneously.

In terms of shareholding restrictions, according to the Negative List and the *Provisions on the Administration of Foreign-funded Telecommunications Enterprises* (《外商投資電信企業管理規定》), promulgated by the PRC State Council on December 11, 2001 and most recently amended on February 6, 2016, foreign equity ratio in a company that provides VATS in general should not exceed 50% except for the operation of e-commerce business. However, according to a series of opinions and notices, foreign investment shareholding restriction on VATS has been lifted in Shanghai Pilot Free Trade Zone and/or in certain areas of VATS. Such areas include app store services, store-and-forward messaging services, call center services, Internet access services (providing access services for Internet users), domestic multi-party communication services, and online data processing and transaction processing services (i.e. commercial e-commerce).

Regulations on Internet Security and Privacy Protection

The Standing Committee of the National People's Congress has enacted the *Decisions on Maintaining Internet Security* (全國人大常委會關於維護互聯網安全的決定), which may subject violators to criminal punishment in the PRC for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security has promulgated measures that prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content. If an Internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

According to the *Several Provisions on Regulating the Market Order of Internet Information Services* (《規範互聯網信息服務市場秩序若干規定》), an Internet information service provider is not allowed to collect any user personal information nor provide any such information to third parties without the consent of such user, and it must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An Internet information service provider is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, the Internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority. Similar requirements have also been imposed on Internet information service providers in accordance with the *Decision on Strengthening the Protection of Online Information* (《全國人大常委會關於加強網絡信息保護的決定》) promulgated by the Standing Committee of the NPC in December 2012 and the Provisions on the *Protection of Telecommunication and Internet User Personal Information* (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT in July 2013.

The *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》, the "Cybersecurity Law") requires that a network operator (including but not limited to an Internet information services provider) take technical and other necessary measures in accordance with applicable laws and regulations as well as the mandatory requirements of the national and industrial standards to safeguard the safe and stable operation of the networks, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law has reaffirmed the basic principles and requirements as specified in other existing laws and regulations on personal information protections. In addition, personal information and important data collected and produced by critical information infrastructure operators during their operations within the territory of the PRC should be stored domestically. If it is indeed necessary to provide such information and data to overseas parties due to business needs, security assessment should be conducted in accordance with the measures developed by the relevant authorities unless otherwise prescribed by any law or administrative regulation.

On May 9, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the *Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information* (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the “Interpretations”). The Interpretations clarify several concepts regarding the crime of “infringement of citizens' personal information” stipulated by the Criminal Law of the People's Republic of China (《中華人民共和國刑法》).

Pursuant to the *Regulations for Medical Institutions on Medical Records Management* (《醫療機構病歷管理規定》) released on November 20, 2013, and effective from January 1, 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients, and any leakage of patients' medical records for non-medical, non-teaching or non-research purposes is prohibited. The National Health and Family Planning Commission (the “NHFPC”) released the *Measures for Administration of Population Health Information (Trial)* (《人口健康信息管理辦法(試行)》) on May 5, 2014, which refers the medical health service information as the population healthcare information, and emphasizes that such information cannot be stored in offshore servers, and the responsible party shall not host or lease offshore servers.

General Policies on Medical and Healthcare Services

The *Outline for the Planning of the National Healthcare Service System (2015–2020)* (《全國醫療衛生服務體系規劃綱要(2015–2020年)》), the “Outline”, released by the General Office of the State Council on March 6, 2015, clarifies the overall goal to optimize the allocation of medical and healthcare resources and construct integrated medical and healthcare service systems suitable to the overall level of the national economy and social development. The Outline proposes the active application of the enhanced technology, such as Mobile Internet, Internet of Things, cloud computing and wearable devices. The Outline also proposes to drive the development of health information and intelligent healthcare service, and the application of healthcare Big Data. The State Council issued the *Guiding Opinions on Vigorously Advancing the “Internet Plus” Action* (《國務院關於積極推進「互聯網+」行動的指導意見》), the “Guiding Opinions”) on July 1, 2015, and the General Office of the State Council issued the *Opinions on Promoting the Development of “Internet+ Healthcare”* (《關於促進「互聯網+醫療健康」發展的意見》), together with the Guiding Opinions, collectively the “Opinions on Internet + Healthcare”) on April 25, 2018. These Opinions on Internet + Healthcare aim to effectively promote and regulate the development of the “Internet+ Healthcare” industry in China and in particular, state that the Internet enterprises are encouraged to cooperate with medical institutions in establishing online medical information platforms to strengthen the integration of regional health care service resources, and make full use of the Internet, Big Data and other means to improve the capability to prevent and control major diseases and unexpected public health incidents. Pursuant to the *13th Five-year Plan for Health and Wellness* (《「十三五」衛生與健康規劃》), the “Plan”), which was promulgated by the State Council on December 27, 2016, it is proposed to strengthen the informatization of the population health and fully implement “Internet Plus” medical and healthcare people-benefiting service. The Plan also encourages the establishment of regional telemedicine platform and enhances the flow of high-quality healthcare resources to the Midwest China and the primary level.

In addition, the *Opinions on Promoting the Development of “Internet + Healthcare”* (《關於促進「互聯網+醫療健康」發展的意見》) encourages medical institutions to apply information technology (including the Internet) in order to expand the scope of medical services and diversify the methods through which medical services will be provided. Such opinions also specify that Internet hospitals could be set up and operated to offer approved services, and that medical institutions and qualified enterprises could set up Internet information platforms to provide certain services including remote medical services, health consultation services and health management services.

In July 2018, the National Health Commission (“NHC”) and the National Administration of Traditional Chinese Medicine (“NATCM”) jointly issued the *Notice regarding In-depth Development of Civilian-friendly and Civilian-benefiting “Internet + Healthcare” Activities* (《關於深入開展「互聯網+醫療健康」便民惠民活動的通知》), which, among other things, encourages the development of Internet hospitals and certain remote medical services provided that the quality of medical services and information security is ensured, and also encourages medical and health institutions and qualified enterprises to set up Internet information platforms for health consultation to provide safe and reliable “Internet+” health consultation services to the citizens.

Regulations on Medical Institutions in the PRC

Traditional Medical Institutions

According to the *Administrative Regulations on Medical Institutions (Revised in 2016)* (《醫療機構管理條例》(2016年修訂)) (the “Medical Institutions Regulations”) promulgated by the State Council, which became effective from September 1, 1994 and were revised on February 6, 2016, and the *Implementation Measures of the Administration Regulations on Medical Institutions (Revised in 2017)* (《醫療機構管理條例實施細則》(2017修正)) promulgated by NHFPC on August 29, 1994 and revised on February 21, 2017 (the “Medical Institutions Implementation Measures”, together with the Medical Institutions Regulations, collectively, the “Medical Institutions Regulations and Implementation Measures”), medical institutions are institutions that have obtained the Medical Institution Practicing License (醫療機構執業許可證) pursuant to the Medical Institutions Regulations and Implementation Measures, which include hospitals, health centers, nursing homes, out-patient departments, clinics, health clinics and first aid stations. The health administrative departments of the local people’s governments at or above the county level shall be responsible for the supervision and administration of the medical institutions within their respective administrative regions, and the health administrative departments of the State Council shall be responsible for the supervision and administration of the medical institutions nationwide. The establishment of medical institutions by entities or individuals shall be subject to the examination and approval of the health administrative department of the local people’s governments at or above the county level. In addition, to carry out its business each of the medical institutions should obtain the Medical Institution Practicing License upon completion of relevant registration process. Completion of registration of a medical institution requires the following qualifications: (a) it has obtained written approval from the competent level of the health administrative departments of the local people’s governments for its establishment; (b) it complies with the basic standards that are applicable to medical institutions; (c) it has an appropriate name, organizing institution and

practicing place; (d) it has funds, facilities, equipment and professional health technical personnel that are necessary for its business; (e) it has its internal rules and regulations; and (f) it is able to assume civil responsibilities independently. The Medical Institution Practicing License of a medical institution should be reviewed periodically pursuant to the Medical Institutions Regulations and Implementation Measures. Medical institutions must conduct medical diagnosis and treatment activities in accordance with those subjects that have been registered and approved and should not employ any non-medical technical personnel in medical and health work.

Medical Institutions Rendering Internet Medical Services and Internet Hospitals

On July, 17, 2018, NHC and NATCM jointly issued three new regulations on Internet medical services, including the *Measures for the Administration of Internet Diagnosis and Treatment (for Trial Implementation)* (《互聯網診療管理辦法(試行)》) (the “Internet Diagnosis and Treatment Measures”), the *Measures for the Administration of Internet Hospitals (for Trial Implementation)* (《互聯網醫院管理辦法(試行)》) (the “Internet Hospital Measures”) and the *Administrative Regulations on Remote Medical Services (for Trial Implementation)* (《遠程醫療服務管理規範(試行)》) (the “Remote Medical Services Regulations”).

According to the Internet Diagnosis and Treatment Measures, only medical institutions which hold the Medical Institution Practicing License are qualified to render diagnosis and treatment services through the Internet and for such purpose, medical institutions should apply to the competent level of the health administrative department for written approval. In the case of cooperation between a medical institution and a third party in setting up an Internet information system for diagnosis and treatment, the relevant cooperation agreement should also be submitted during the application process. As required by the Internet Diagnosis and Treatment Measures, Internet diagnosis and treatment is applicable to return visits for certain common and chronic illnesses only and is not permitted for diagnostic activities for a new patient. Medical institutions rendering Internet diagnosis and treatment services should also be equipped with such facilities, equipment, information system, technical personnel and information security system as required by the Internet technology.

According to the Internet Hospital Measures, an Internet hospital is either (a) an Internet hospital that is included as the second name of a physical medical institution or (b) an Internet hospital that is separately established by the collaboration between a third party and a physical medical institution. Establishment of an Internet hospital is subject to the administrative approval process as set forth in the Internet Hospital Measures as well as the Medical Institutions Regulations and Medical Institutions Implementation Measures, which will be administrated by the health administrative department that is in charge of the relevant physical medical institution. The Internet Hospital Measures also provide that in case an Internet hospital is set up by a physical medical institution on its own or by the collaboration between a third party and a physical medical institution, and renders Internet diagnosis and treatment services by employing medical practitioners that are registered with such physical medical institution as well as external medical practitioners that are registered with other medical institution(s), such physical medical institution should apply for approval to use the Internet hospital as its second name. In case a physical medical institution renders Internet diagnosis and treatment services by employing medical practitioners that are solely

registered with itself, it may apply for approval to use the Internet hospital as its second name. For an Internet hospital that is established by the collaboration between a third party and a physical medical institution, the relevant cooperation agreement between such third party and the physical medical institution should also be submitted during the application process, and to the extent the collaborating third party changes or other factors exist that will invalidate the cooperation agreement, re-approval process is required. Additionally, the *Basic Standards for Internet Hospitals (for Trial Implementation)* (《互聯網醫院基本標準》) as attached to the Internet Hospital Measures set forth basic requirements for the establishment and operation of an Internet hospital.

The Remote Medical Service Regulations regulate the following two scenarios of remote medical services:

- (a) upon the invitation of another medical institution (the “inviting institution”), one medical institution (the “invited institution”) provides medical related technical services to the patients of the inviting institution by means of information technology (e.g. telecommunication, computer and Internet technology), and
- (b) the inviting institution or a third party institution sets up an Internet remote medical services platform, and the invited institution registers itself as a medical institution on such platform. The inviting institution posts requests on the platform, and the invited institution or another medical institution responds to such requests on its own initiative or as per the matching of the platform and then provides medical related technical services to the patients of the inviting institution by means of information technology (e.g. telecommunication, computer and Internet technology).

According to the Remote Medical Service Regulations, one medical institution is required to apply for approval to the establishment of an Internet hospital pursuant to the Internet Hospital Measures, if such medical institution intends to invite medical staff to directly provide remote medical services through the information platform.

On February 12, 2019, the General Office of NHC issued the *Notice regarding Launching the Pilot Scheme of “Internet + Nursing Services”* (《關於開展「互聯網+護理服務」試點工作的通知》), the “Notice on Internet + Nursing Services”, pursuant to which selected medical institutions in certain provinces/municipalities of China (such medical institutions, each a “Pilot Medical Institution” and collectively, the “Pilot Medical Institutions”) may send nurses that are registered with such institutions to provide nursing services to patients having mobility impairment, with the support of information technology, and primarily based on the model of “online applications/offline services”. The pilot scheme will be rolled out in six provinces/municipalities of China including Beijing, Tianjin, Shanghai, Jiangsu, Zhejiang and Guangdong as well as other cities or areas as may be selected by other provinces/municipalities (each a “Pilot Area” and collectively, the “Pilot Areas”), and over the period starting from February to December of 2019. According to the Notice on Internet + Nursing Services, the Pilot Medical Institutions should be determined by the local health administrative department, and should be offline medical institutions that have obtained the Medical Institution Practicing License and have been able to provide home or community based nursing services. A Pilot Medical Institution may set up an Internet information technology

platform either on its own or by way of collaborating with a qualified third party information technology platform, with such facilities, equipment, information technology, technical personnel and information security system as required by the “Internet + Nursing Services” and basic functions including at least verification of identity of the patients, collection and storage of medical records, tracking the locations of nurses that provide “Internet + Nursing Services.” In addition, the Pilot Areas and Pilot Medical Institutions may require, among other things, that the Internet information technology platforms may conduct credentialing process by either using personally identifiable information stored in the public security system or applying biometric technology (such as facial recognition), and that the Pilot Medical Institutions or the Internet information technology platforms should take measures to ensure the workplace safety and personal security of nurses who will be providing “Internet + Nursing Services.”

Regulations on Medical Staff in the PRC

Medical Practitioners

On June 26, 1998, the Standing Committee of the NPC promulgated the *Law on Licensed Medical Practitioners of the People's Republic of China* (《中華人民共和國執業醫師法》, the “Licensed Medical Practitioners Law”), which became effective on May 1, 1999 and was further amended in 2009. Pursuant to the Licensed Medical Practitioners Law, medical practitioners refer to medical professionals who have legally obtained the qualifications as either practicing doctors or assistant practicing doctors and practice at institutions for medical treatment, disease prevention and healthcare. A medical practitioner should register with the relevant health administrative authority and obtain the practicing certificate for medical practice issued by the competent healthcare administrative authority in order to practice in China. When taking medical, preventive or healthcare measures and when signing relevant medical document verification, the licensed medical practitioners shall conduct diagnosis and investigation personally and fill out the medical files without delay as required. No medical practitioners may conceal, forge or destroy any medical files or the relevant data.

On November 5, 2014, the NHFPC, NDRC, the Ministry of Human Resources and Social Security, the State Administration of Traditional Chinese Medicine, and the China Insurance Regulatory Commission (formerly) jointly promulgated the *Several Opinions on Promoting and Standardizing Multi-Place Practice of Medical Practitioners* (《推進和規範醫師多點執業的若干意見》), which puts forward to simplify the registration procedure of multiple practicing places of medical practitioners and proposes the feasibility of exploring the “record management.” According to *Administrative Measures for the Registration of Medical Practitioners* (《醫師執業註冊管理辦法》), which was promulgated by the NHFPC on February 28, 2017 and became effective on April 1, 2017, a medical practitioner should obtain the practicing certificate upon completion of relevant registration process. Any person who fails to complete the registration process and obtain the practice certificate may not engage in medical treatment, prevention and healthcare activities. A medical practitioner who practices for multiple institutions at the same place of practice should select one institution as the main institution where she or he practices, and apply for registration with the competent administrative department of health and family planning which approved the practice of such institution; and, for other institution(s) where the medical practitioner is to practice,

respectively apply for recordation with the respective administrative health and family planning authorities which approved the practice of such institution(s), and indicate the names of the institutions where she or he is to practice. If a medical practitioner practices in an additional institution not at the registered place of practice, she or he should apply for registering such addition with the administrative health and family planning authority which approved the practice of such institution.

According to the Internet Diagnosis and Treatment Measures, any medical practitioner who intends to engage in the Internet diagnosis and treatment activities should register herself or himself with the PRC national medical practitioner registration system, have independent clinical practicing experience for at least three years and have obtained consent from the medical institution as indicated in such medical practitioner's registration.

Nurses

The State Council issued the *Regulations on Nurses of the PRC* (《護士條例》) on January 31, 2008, which came into effect on May 12, 2008 and provides that a nurse must obtain a nurse practicing certificate upon completion of relevant registration process in order to be legally working as a nurse in China. Pursuant to the *Regulations on Nurse of the PRC* (《護士條例》) and the *Administrative Measures for the Registration of Practicing Nurses* (《護士執業註冊管理辦法》), which was promulgated by the Ministry of Health (formerly) on May 6, 2008 and became effective on May 12, 2008, a nurse candidate should apply for a practicing registration with the competent administrative department of health at the place where the candidate intends to practice within three years after passing the nurse practicing qualification exam, and should meet certain health standards. Once completed, the registration would be valid for a term of five years and can be renewed for additional terms. A nurse candidate should complete a re-registration process before working as a practicing nurse if she or he fails to renew the relevant registration upon expiration of the previous registration, or two years have passed since the date of revocation of his or her practicing certificate. If a practicing nurse intends to relocate to another place to practice, she or he shall file a report to the competent administrative department of health at the new place, which shall complete the registration change for the nurse.

Pursuant to the *Regulations on Nurse of the PRC* (《護士條例》), a medical and health institution should be equipped with enough number of nurses as prescribed by the public health administrative authority of the State Council.

According to the Internet Diagnosis and Treatment Measures, any nurse who intends to engage in the Internet diagnosis and treatment activities should register herself or himself with the PRC national nurse registration system. In addition, as required by the Notice on Internet + Nursing Services, nurses who will be providing “Internet + Nursing Services” should register herself or himself with the PRC national medical practitioner registration system, have clinical nursing experience for at least five years and be entitled to practice at least as a Hushi (護師) in China.

Regulations on Intellectual Property Rights

Patent. According to the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) and related laws and regulations, there are three categories of patents: invention patent, utility model patent and design patent. The State Intellectual Property Office under the State Council is responsible for examining and approving patent applications. The duration of a patent right is either 10 years or 20 years from the date of application, depending on the type of patent right.

Copyright. Copyright in the PRC, including copyrighted software, is principally protected under the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》) and related laws and regulations. The term of protection for copyrighted software is 50 years.

Trademark. Pursuant to the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), only registered trademarks are protected under the PRC Trademark Law and other relevant laws and regulations. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. A term of ten years will be granted to registered trademarks commencing on the date when the registration is approved, and another ten years if requested upon expiry of the initial or extended term.

Domain name. Domain names are currently protected under the *Administrative Measures on the Internet Domain Names* (《互聯網域名管理辦法》). Registration of domain names in PRC is on a “first-apply-first-registration” basis, and a domain name applicant will become the domain name holder upon the completion of the application procedure with the relevant authority.

Regulations on Foreign Exchange

Regulations on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the *Regulation of the People's Republic of China on Foreign Exchange Administration* (《中華人民共和國外匯管理條例》) and other relevant regulations promulgated by the State Administration of Foreign Exchange (“SAFE”). SAFE is responsible for administering all matters relating to foreign exchange.

Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, may be made in foreign currencies by complying with certain procedural requirements with qualified banks. On the other hand, the conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, repayment of foreign currency-denominated loans and repatriation of investments in securities outside the PRC, require a relatively more complicated procedure with the appropriate governmental authorities and/or qualified banks.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

SAFE promulgated the *Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles* (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the “SAFE Circular 37”), which regulates foreign exchange matters in relation to the use of special purpose vehicles (the “SPVs”) by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. It is required that, before making contribution into an SPV, PRC residents or entities are required to complete foreign exchange registration with qualified banks in connection with their establishment or control of such SPV.

Regulations on Taxation

Enterprise Income Tax

The *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法》) and the relevant implementation rules and regulations impose a uniform enterprise income tax rate of 25% on all resident enterprises in the PRC, including both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions. If an enterprise organized under the laws of jurisdiction outside China is considered a PRC resident enterprise for PRC enterprise income tax purposes, it would be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income, and a 10% withholding tax would be imposed on dividends it pays to its non-PRC enterprise shareholders and with respect to gains derived by its non-PRC enterprise shareholders from transfer of its shares, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Pursuant to the *Announcement on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax.

Value-added Tax

Pursuant to the *Interim Regulation of the People's Republic of China on Value Added Tax* (《中華人民共和國增值稅暫行條例》) and other applicable PRC regulations, entities or individuals conducting business in the service industry are required to pay value-added tax at a rate of 6% with respect to revenues derived from the provision of online information services.

HISTORY, REORGANIZATION AND DEVELOPMENT

OVERVIEW

The history of our Group's business can be traced back to May 2007 when USA deView acquired certain assets of RepTrax Inc. in the United States. Primarily through our sales and marketing efforts and improvements of the solutions we offered, we continued to engage with LoCs, which brought in an increasing number of paying subscribers to our platform. As such, we have created a leading credentialing platform for compliance and security purposes in the vendor credentialing market in the United States in terms of both number of paying subscribers and vendor credentialing revenue in 2017 and have continued developing and upgrading our platform. We expanded our business organically and by acquiring our then competitors VendorClear and Status Blue in 2010 and 2011, respectively. We further expanded our business globally by commencing our operations in Canada and the United Kingdom in July 2012, and acquired certain assets from VendorLink, a company engaged in vendor credentialing business in Canada, in 2014. In the same year, we introduced our second-generation platform branded SEC³URE, a cloud-based technology platform with service-oriented architecture.

OUR MILESTONES

The following table sets forth our key development milestones:

Year	Event
2007	— USA deView acquired certain assets of RepTrax Inc. in the United States.
2009	— Paying subscribers of our platform reached 25,000. — The coverage of our services reached 1,000 registered LoCs.
2010	— IntelliCentrics USA was established to consolidate our vendor credentialing business in the United States. — We acquired our then direct competitor VendorClear.
2011	— We acquired our then direct competitor Status Blue.
2012	— We expanded our business into the United Kingdom.
2013	— We started offering training add-on services on our platform.

HISTORY, REORGANIZATION AND DEVELOPMENT

Year	Event
2014	<ul style="list-style-type: none">— We launched our second-generation platform, SEC³URE, which adopts cloud-based technology.— We acquired certain assets from VendorLink, a company engaged in vendor credentialing business in Canada.— We launched our mobile app for our SEC³URE platform on both Android and iOS systems.
2016	<ul style="list-style-type: none">— We launched our radiation exposure monitoring add-on service.
2017	<ul style="list-style-type: none">— We established partnership with CVS MinuteClinic to offer vaccination add-on services on our platform.
2018	<ul style="list-style-type: none">— We formed a joint venture Sciencare Technology in China, planning to provide credentialing services to vendors and medical staff.

CORPORATE DEVELOPMENT

Our Company

As a result of the Reorganization, our Company became the holding company of our subsidiaries. Our Company, formerly known as 31 Frameworks Ltd., was incorporated on June 3, 2016 in the Cayman Islands as an exempted company with limited liability. See “— Our Reorganization” for details.

HISTORY, REORGANIZATION AND DEVELOPMENT

Our Principal Subsidiaries

The following table sets forth certain information of our principal subsidiaries as of December 31, 2018:

<u>Name of Subsidiary</u>	<u>Date of Establishment</u>	<u>Equity Interests Held by Our Group</u>	<u>Place of Establishment</u>	<u>Principal Activities</u>
Victos	October 31, 2003	100%	Samoa	Investment holding
IC Holding	April 27, 2012	100%	Cayman Islands	Investment holding
Inception Point	July 25, 2012	100%	United Kingdom	Investment holding
IntelliCentrics UK . . .	July 23, 2012	100%	United Kingdom	Provision of vendor credentialing solution in the United Kingdom
Zengine	August 28, 2013	100%	United Kingdom	Possession and management of intellectual property of our Group and provision of intra-group intellectual property licensing
IntelliCentrics Canada	July 20, 2012	100%	Canada	Provision of vendor credentialing solution in Canada
USA deView	June 4, 2004	100%	United States	Investment holding and provision of administrative services to group companies
IntelliCentrics USA . .	May 19, 2010	100%	United States	Provision of credentialing services and add-on services in the United States
IntelliCentrics HK . . .	April 11, 2018	67%	Hong Kong	Investment holding and provision of intellectual property licensing to Sciencare Technology

Set forth below are the key corporate developments of our three major operating subsidiaries which were material to the performance of our Group during the Track Record Period, as well as IntelliCentrics HK which was incorporated on April 11, 2018 for the purpose of our expansion into China:

HISTORY, REORGANIZATION AND DEVELOPMENT

IntelliCentrics USA

IntelliCentrics USA was incorporated on May 19, 2010 under the laws of Texas in the United States and is wholly owned by USA deView, which is in turn wholly owned by our Company. IntelliCentrics USA is our principal operating subsidiary in the United States and it wholly owns VendorClear and Status Blue, both of which are now non-operating subsidiaries.

IntelliCentrics UK

IntelliCentrics UK was incorporated on June 23, 2012 as a private limited company under the laws of England and Wales. Since its incorporation, there has been no registered shareholder in IntelliCentrics UK other than Inception Point. Inception Point is our wholly-owned subsidiary in the United Kingdom.

IntelliCentrics Canada

IntelliCentrics Canada was incorporated on July 20, 2012 as a limited liability company under the laws of Canada. Inception Point has been IntelliCentrics Canada's only registered shareholder since its inception with an initial registered share capital of US\$1 which was increased to CAD52,857.5 in December 2013, CAD2,315,005.5 in November 2014 and CAD3,500,105.5 in January 2015, respectively. IntelliCentrics Canada is our wholly-owned subsidiary in Canada.

IntelliCentrics HK and Our Joint Venture in China

IntelliCentrics HK was incorporated by our Company on April 11, 2018 as a limited liability company in Hong Kong with an issued share capital of 10,000 ordinary shares. On May 16, 2018, IntelliCentrics HK entered into a joint venture contract with Mr. Li Zheng, an ex-senior manager in Baidu's healthcare unit, to form a joint venture in China planning to provide credentialing services to vendors and medical staff. See "Business — Business Plan of Our Joint Venture in China" for details.

On November 21, 2018, IntelliCentrics HK, Sciencare Holding (HK) Limited and the Company entered into a shareholders' agreement (the "HK JV Shareholders' Agreement"). On the same day, according to the subscription letter between IntelliCentrics HK and the Company and the subscription letter between IntelliCentrics HK and Sciencare Holding (HK) Limited, IntelliCentrics HK issued 199,040 and 102,960 new ordinary shares to our Company and Sciencare Holding (HK) Limited, a company controlled by Mr. Li Zheng, respectively. IntelliCentrics HK was thus converted to a joint venture owned by our Company as to 67.0% and by Sciencare Holding (HK) Limited as to 33.0%. Sciencare Holding (HK) Limited is a company incorporated in Hong Kong on April 18, 2018 and is wholly owned by Sciencare Technology Holding Limited which in turn is wholly owned by Sciencare Holding Limited. Sciencare Holding Limited is a company incorporated in the BVI on March 28, 2018 with Mr. Li Zheng being its sole shareholder. Each of Mr. Li Zheng and Sciencare Holding (HK) Limited is an Independent Third Party. However, upon the Listing and given that Sciencare Holding (HK) Limited became a shareholder holding a 33.0% equity interest in IntelliCentrics HK on November 21, 2018, each of Mr. Li Zheng and Sciencare Holding (HK) Limited will be a connected person of the Company at the subsidiary level following the Listing.

HISTORY, REORGANIZATION AND DEVELOPMENT

The major terms of the HK JV Shareholders' Agreement include:

- the business of IntelliCentrics HK is to utilize the technology platform and know-how of our Company to develop, offer and market similar or related services of our Company in Asia and carry out any other business as may be decided by the directors and/or the shareholders of IntelliCentrics HK;
- our Company shall own and hold 67.0% of the share capital of IntelliCentrics HK and Sciencare Holding (HK) Limited shall own and hold 33.0% of the share capital of IntelliCentrics HK, and Sciencare Holding (HK) Limited is not obliged to provide further funds or participate in any guarantee or similar undertaking for the benefit of IntelliCentrics HK;
- the board of directors of IntelliCentrics HK shall be responsible for the overall direction and management of IntelliCentrics HK. Our Company shall be entitled to appoint and maintain in office two directors; and Sciencare Holding (HK) Limited, for so long as it holds at least 30.0% of the entire issued share capital of IntelliCentrics HK at the time, shall be entitled to appoint and maintain in office one director;
- for so long as Sciencare Holding (HK) Limited (or any of its subsidiaries) holds any shares of IntelliCentrics HK, neither Sciencare Holding (HK) Limited, any of its subsidiaries, Mr. Li Zheng nor any entity controlled by him shall compete with the business carried out by our Company (or any of its subsidiaries) unless prior written consent has been obtained from our Company, except owning securities in any company purely for financial investment purposes;
- during the first three years commencing from November 21, 2018, no shareholder of IntelliCentrics HK shall transfer any shares or interests in any shares of IntelliCentrics HK. After such three-year period, any shareholder is permitted to directly or indirectly transfer all or part of its equity interest in IntelliCentrics HK in accordance with the provisions of the HK JV Shareholders' Agreement. In the event that a shareholder of IntelliCentrics HK proposes to transfer its equity interest in IntelliCentrics HK, the other shareholder of IntelliCentrics HK shall have a right of first refusal, as well as tag along rights if the proposed transfer is to a bona fide purchaser on arm's length terms. In the event that our Company (and/or a member of our Group) proposes to transfer its shares in IntelliCentrics HK to a bona fide purchaser on arm's length terms, and such transfer would result in the purchaser acquiring a controlling interest in IntelliCentrics HK, our Company shall have the drag along rights to require the other shareholder to sell and transfer all its shares in IntelliCentrics HK to the purchaser;
- each shareholder shall have a preemptive right to purchase all new shares that IntelliCentrics HK may propose to allot and issue in accordance with the provisions of the HK JV Shareholders' Agreement; and

HISTORY, REORGANIZATION AND DEVELOPMENT

- the HK JV Shareholders' Agreement terminates for a shareholder on the date on which that shareholder ceases to hold any shares in IntelliCentrics HK. The HK JV Shareholders' Agreement terminates for all parties in any of the following circumstances: (i) on November 21, 2023 unless the parties agreed in writing otherwise; (ii) IntelliCentrics HK is wound up; (iii) one person becomes the beneficial owner of all of the shares in IntelliCentrics HK; (iv) IntelliCentrics HK is prohibited by law or any governmental authority from carrying on its principal business; (v) one party serves a written notice to terminate the HK JV Shareholders' Agreement following an insolvency event in relation to the other party or its ultimate shareholder, or after the other party makes a serious or persistent default in performing or observing any of its obligations under the HK JV Shareholders' Agreement and fails to remedy it in the timeframe prescribed by the HK JV Shareholders' Agreement; and (vi) all parties agree in writing to terminate the HK JV Shareholders' Agreement.

MAJOR ACQUISITIONS

We acquired VendorClear, Status Blue and certain assets of VendorLink in order to expand our registered LoC base as well as our geographical reach prior to the Track Record Period. After the completion of these acquisitions, we convinced customers of the acquired companies to adopt our platform which, in turn, increased our paying subscriber base. To the best knowledge of our Directors, all of the sellers of VendorClear and Status Blue and VendorLink (which was the seller of assets we acquired) were Independent Third Parties, and none of them had any past or present relationship (business or otherwise, other than with respect to the respective acquisitions) with the Group, its Directors, shareholders, senior management, or any of their respective associates. For the acquisition after the Track Record Period, see “— Post-Track Record Period Acquisition.”

VendorClear and Status Blue

In June 2010, we acquired 100% of the equity interests in VendorClear for a cash consideration of US\$5.0 million. The consideration was negotiated on an arm's-length basis by reference to a valuation performed by an independent valuation firm. Accordingly, we recognized goodwill of US\$4.5 million and other intangible assets (mainly customer relationships) of US\$2.2 million. VendorClear primarily provided web-based vendor credentialing as well as scheduling and tracking of vendor appointments with LoCs in the United States.

In March 2011, we acquired 100% of the equity interests in Status Blue for a cash consideration of US\$5.8 million. The consideration was negotiated on an arm's-length basis by reference to a valuation performed by an independent valuation firm. Accordingly, we recognized goodwill of US\$4.0 million and other intangible assets (mainly customer relationships) of US\$3.6 million. Status Blue was primarily engaged in operating a system to provide vendor credentialing as well as scheduling and tracking of vendor appointments with LoCs in the United States.

With these two acquisitions, along with our internal organic growth, our total registered LoCs in the United States grew from 896 as of December 31, 2009 to 2,994 as of December 31, 2012, which provided more value to our paying subscribers since they were able to access more LoCs at a

HISTORY, REORGANIZATION AND DEVELOPMENT

fixed annual membership fee. As of October 31, 2018, we had 496 registered LoCs which we migrated from the solutions of Status Blue and VendorClear, accounting for 4.8% of our total registered LoCs in the United States.

VendorLink

In order to expand our vendor credentialing business to Canada, in November 2014, we acquired certain assets of VendorLink at a cash consideration of CAD2.7 million (equivalent to US\$2.3 million). The consideration was negotiated on an arm's-length basis by reference to a valuation performed by an independent valuation firm. Accordingly, we recognized goodwill of CAD0.9 million (equivalent to US\$0.8 million) and other intangible assets (mainly customer relationships) of CAD1.7 million (equivalent to US\$1.4 million). VendorLink was primarily engaged in the business of developing and commercializing web-based vendor management solutions and related support, monitoring and training services. We acquired five LoCs and 1,514 paying subscribers from VendorLink as of the completion of the acquisition.

Following the acquisition, we undertook a review of our relationship with, and proximity to, key LoCs in Canada as part of post-closing business reorganization and integration and took steps including relocating our office from Toronto to Quebec, which resulted in a slowdown of our business development in Canada shortly after the acquisition. The revenue of our Canadian business decreased as compared to the revenue of the former VendorLink because the integration of the business and management did not reach our expected level by the end of 2016. As of December 31, 2014, we engaged with five hospitals in Canada through the acquisition of VendorLink, and three of them remained on our platform during the year ended December 31, 2016. Consequently, at the end of 2016, we took the more prudent approach in accounting and made a full impairment of the goodwill and customer relationships relating to the acquired business. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Intangible Assets” and “Financial Information — Results of Operations — Year Ended December 31, 2016 Compared with Year Ended December 31, 2015 — Other Losses, Net.”

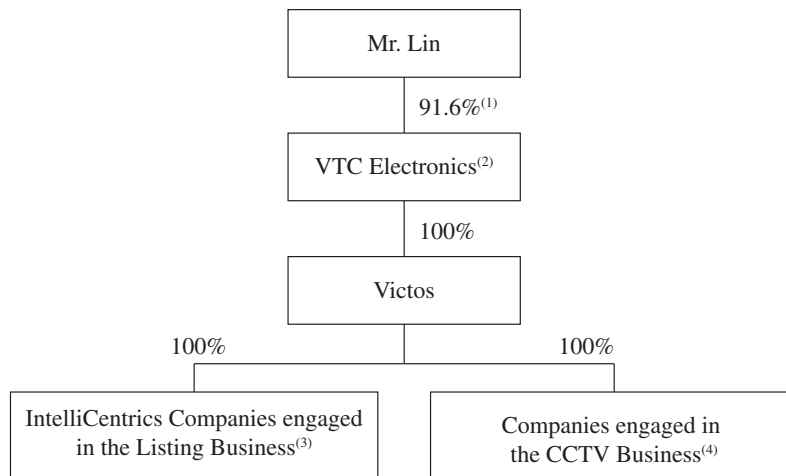
HISTORY, REORGANIZATION AND DEVELOPMENT

OUR REORGANIZATION

In preparation for the Listing, we commenced the Reorganization and conducted a series of reorganization steps as described below.

Corporate Structure Prior to Reorganization

Set forth below is the corporate structure of our companies engaging in the Listing Business immediately prior to the commencement of the Reorganization.



Notes:

- (1) Includes the indirect interests held by Mr. Lin and his family members, and the remaining 8.4% is held by an Independent Third Party.
- (2) VTC Electronics was, prior to the Reorganization, a holding company which owned the companies comprising the Listing Business and CCTV Business. VTC Electronics is a company incorporated in Taiwan whose shares were traded over the counter in the Taipei Exchange between April 23, 2004 and January 11, 2017. During the Track Record Period, VTC Electronics withdrew, on February 11, 2015, its application to switch its listing to the main board of the Taiwan Stock Exchange Corporation. It withdrew its application in consideration of its then overall future business strategy and also primarily took into account the then estimated market valuation of VTC Electronics which did not meet the expectation of its management. VTC Electronics then subsequently voluntarily applied to withdraw from the over the counter trading in the Taipei Exchange and the trading ceased on January 11, 2017. On March 23, 2017, VTC Electronics underwent a management buyout in the form of share swap in accordance with the laws of Taiwan, and as a result, VTC Electronics became 91.6% owned by Mr. Lin (the “VTC Buyout”). The VTC Buyout was approved by 97.8% of VTC Electronics shareholders present and voting at a shareholders’ meeting which took place on February 16, 2017. The Sole Sponsor has undertaken due diligence including background and litigation searches relating to VTC Electronics and Mr. Lin (being the only director of VTC Electronics at the time of the withdrawal of trading of shares of VTC Electronics from the over the counter trading in the Taipei Exchange, who is also a Director) and nothing has come to its attention that would adversely impact the suitability of the Company to list on the Hong Kong Stock Exchange.
- (3) The “IntelliCentrics Companies” engaged in the Listing Business comprise IC Holding, Inception Point, IntelliCentrics UK, Zengine, USA deView, IntelliCentrics Canada, IntelliCentrics USA and two non-operating subsidiaries VendorClear and Status Blue.

HISTORY, REORGANIZATION AND DEVELOPMENT

On December 16, 2017, deView Electronics, a wholly-owned subsidiary of USA deView that was engaged in the CCTV Business, transferred its title to all the inventory and the warranty claims in the CCTV Business to VTC Electronics pursuant to an assignment agreement entered into among VTC Electronics, deView Electronics and USA deView (a wholly-owned subsidiary of Victos). The remaining net assets and liabilities of deView Electronics amounting to US\$6,531,000 were transferred to USA deView and this transaction was treated as a deemed contribution. The CCTV Business previously operated by deView Electronics were transferred to VTC Electronics. On December 22, 2017, deView Electronics was dissolved in accordance with the laws of Texas.

- (4) The companies engaged in the CCTV Business comprise deView International Corp., deView China and Security Manufacturing Ltd.

Reorganization Steps

Step 1: Incorporation of our Company and initial allotments and transfers of Shares

Our Company was incorporated on June 3, 2016 in the Cayman Islands. The initial sole share of our Company was allotted and issued to the initial subscriber who immediately transferred that share to Ocin, an investment vehicle wholly-owned by Mr. Lin. Our Company subsequently conducted a series of share reduction, sub-division and allotment, following which: (i) our Company's authorized share capital became US\$62,000 divided into 620,000,000 Shares; and (ii) 332,000,000 Shares were held by Ocin, representing the then entire issued share capital of the Company. Our Company changed its name from 31 Frameworks Ltd. to IntelliCentrics Global Holdings Ltd. on February 2, 2018.

On October 17, 2017, our Company allotted and issued an aggregate of 16,000,000 new Shares at a price of US\$0.175 per Share to eight individual Independent Third Party investors, representing 4.6% of our total Shares as enlarged at the time. One of the allottees subscribing for 1,720,000 Shares was the son of Mr. Lin Kuo-Chang who later became a non-executive Director of our Company. None of the above allottees were or are our employees as at the Latest Practicable Date. The issue price was determined based on arm's length negotiations with reference to an agreed valuation of US\$70.0 million with a slight discount as negotiated between our Company and the allottees as this allotment funded our Company's capital needs before the Reorganization was implemented, taking into account that the allottees would bear the risks associated with the uncertainty of the completion of the Reorganization. The agreed valuation was based on the valuation report issued by an Independent Third Party valuer in October 2017. All subscription consideration for such allotments and issues was paid in cash and settled on or before October 26, 2017.

On December 6, 2017, in return for a total consideration of US\$9.5 million based on a valuation of US\$70.0 million, Ocin sold 47,200,000 Shares, representing 13.6% of the total issued Shares of our Company at the time, including (i) 40,000,000 Shares to Mr. Sheehan Trust, a trust associated with Mr. Sheehan, our Chief Executive Officer and an executive Director of our Company, with Mr. Sheehan being a beneficiary and the trustee; (ii) 680,000 Shares to Mr. Lin Kuo-Chang, who later became one of our non-executive Directors; and (iii) an aggregate of 6,520,000 Shares to four Independent Third Party investors, including our Chief Financial Officer Mr. Chen Yung-Fa, and three other employees of the Company. The consideration for each of such

HISTORY, REORGANIZATION AND DEVELOPMENT

transfers was determined based on arm's length negotiations with reference to an agreed valuation of US\$70.0 million and was paid in cash and settled on or before July 20, 2018. The valuation was based on the valuation report issued by an Independent Third Party valuer in October 2017.

Step 2: Carve-Out of the CCTV Business

As part of the Reorganization, on July 11, 2017, the companies engaged in the CCTV Business were transferred by Victos to a wholly-owned subsidiary of VTC Electronics for a cash consideration at their net asset value. The CCTV Business is unrelated to the Listing Business and has clear delineation of business with our Group. See "Relationship with our Controlling Shareholders" for details. In October 2017, Victos, the holding company of the Listing Business, was transferred to ICTW, a company controlled by Mr. Lin.

Step 3: Acquisition of the Listing Business by our Company

As part of the Reorganization, in November 2017, our Company agreed to acquire the entire issued share capital of Victos for a cash consideration of US\$70.0 million from ICTW, a company controlled by Mr. Lin. The consideration was determined based on arm's length negotiations with reference to an agreed valuation of US\$70.0 million. The valuation was based on the valuation report issued by an Independent Third Party valuer in October 2017. Such acquisition was documented in a share purchase agreement dated January 16, 2018 and was completed on April 16, 2018 and the consideration was paid in cash and fully settled on June 28, 2018. As a result, the Listing Business was injected into our Company.

Step 4: Pre-IPO Investments

In order to further develop our business, we entered into certain agreements with the Pre-IPO Investors:

- On March 30, 2018, our Company entered into three Pre-IPO Subscription Agreements with each of Universal Valiant Limited, Redmoon Advisors Inc. and Alessandro Conelli, pursuant to which a total of 6,857,000 Shares were allotted and issued to these three Pre-IPO Investors, representing 1.9% of our total share capital as enlarged at the time, for a total cash consideration of US\$6,000,000, including (i) 5,714,200 Shares to Universal Valiant Limited for a consideration of US\$5,000,000; (ii) 571,400 Shares to Redmoon Advisors Inc. for a consideration of US\$500,000; and (iii) 571,400 Shares to Alessandro Conelli for a consideration of US\$500,000. The consideration for all such allotments was paid in cash and settled on April 9, April 16, April 17, 2018 respectively.
- On March 29, 2018, Ocini entered into the Pre-IPO Share Purchase Agreement to sell 487,000 Shares at a price of US\$0.875 per Share to Hong Ta En, an Independent Third Party investor, representing 0.14% of our total issued Shares at the time, for a consideration of US\$426,125. The consideration was paid in cash and settled on April 12, 2018.

HISTORY, REORGANIZATION AND DEVELOPMENT

- Our Company entered into a Pre-IPO Subscription Agreement with Ahmed International Corporation (FZE) on July 25, 2018, pursuant to which 1,142,800 Shares were allotted and issued to it, representing 0.32% of our total share capital as enlarged at the time, for a total cash consideration of US\$1,000,000. The consideration was paid in cash and settled on July 27, 2018.
- On July 27, 2018, our Company entered into four Pre-IPO Subscription Agreements with each of Capricorn Union Limited, Jack Lu, Tritech Development Limited, and Center Laboratories Inc., pursuant to which a total of 7,613,960 Shares were allotted and issued to these four Pre-IPO Investors, representing 2.07% of our total share capital as enlarged at the time, for a total cash consideration of US\$6,662,548, including (i) 5,714,000 Shares to Capricorn Union Limited for a consideration of US\$5,000,000; (ii) 228,560 Shares to Jack Lu for a consideration of US\$200,000; (iii) 571,400 Shares to Tritech Development Limited for a consideration of US\$500,000; and (iv) 1,100,000 Shares to Center Laboratories Inc. for a consideration of US\$962,548. The consideration for all such allotments was paid in cash and was settled on August 1, July 30, July 31, and July 31, 2018 respectively.

The consideration for each of the above transactions was significantly higher than the allotment consideration described in Step 1 above. This was primarily attributable to (i) the growth potential of our medical credentialing solution launched in March 2018, (ii) our joint venture plan in China, and (iii) the successful completion of acquisition of the Listing Business by our Company. See “— The Pre-IPO Investments” below for details.

Step 5: Subscription of Shares by Ocina

On July 27, 2018, our Company entered into a share subscription agreement with Ocina, pursuant to which 4,956,895 Shares were allotted and issued to Ocina for a consideration of US\$4,337,500 based on the same valuation as that for the Pre-IPO Investments as described in Step 4. The consideration was paid in cash and settled on August 1, 2018.

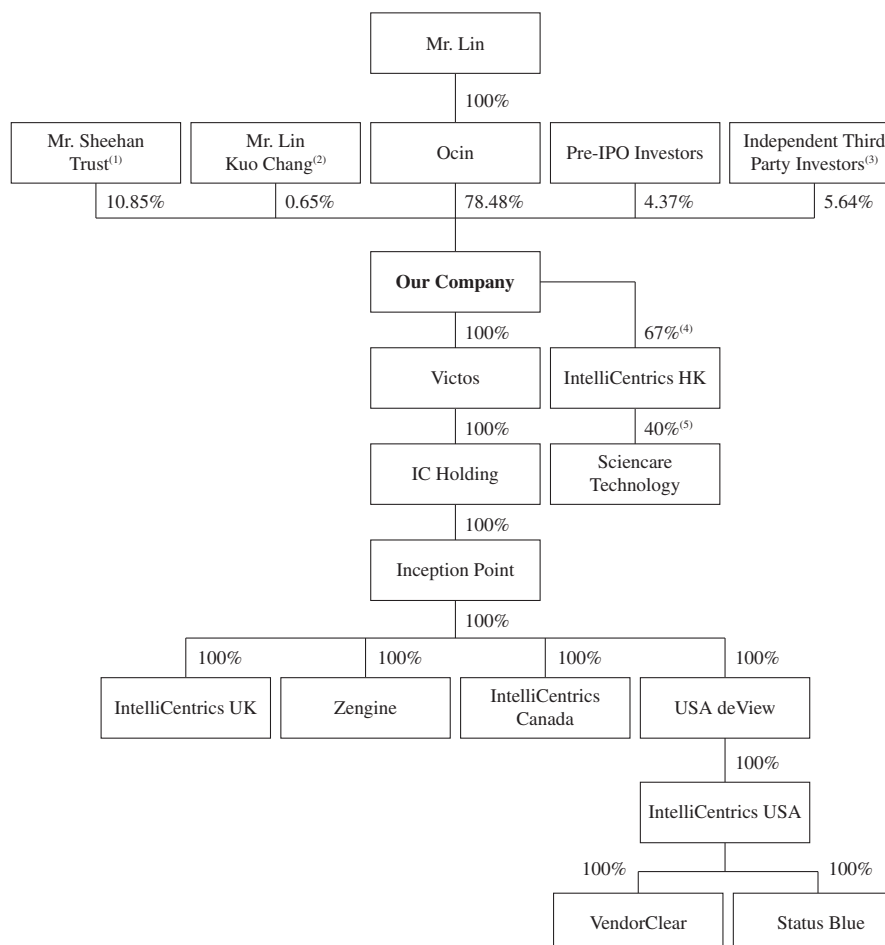
No Further Material Acquisitions or Disposals

Except for the acquisitions described above and in the section “— Our Reorganization”, our Group has not undertaken any other major acquisitions, disposals or mergers during the Track Record Period.

HISTORY, REORGANIZATION AND DEVELOPMENT

Our Group Structure Immediately after the Reorganization

The following chart illustrates our corporate and shareholding structure immediately after the completion of the Reorganization and before the Global Offering:



Notes:

- (1) Mr. Sheehan Trust is a trust associated with Mr. Sheehan, our Chief Executive Officer and an executive Director of our Company, with Mr. Sheehan being a beneficiary and the trustee.
- (2) Mr. Lin Kuo-Chang is a non-executive Director of our Company and this includes 1,720,000 Shares that are beneficially owned by his son.
- (3) In aggregate 20,800,000 Shares were held by 11 Independent Third Party investors. As of the Latest Practicable Date, four of these Independent Third Parties were our employees, including our Chief Financial Officer Mr. Chen Yung-Fa, and the remaining were individual investors who had not been our employees. See “— Our Reorganization — Reorganization Steps — Step 1: Incorporation of our Company and initial allotments and transfers of Shares” for details.
- (4) IntelliCentrics HK is a joint venture owned by our Company as to 67.0% and by Sciencare Holding (HK) Limited as to 33.0%.
- (5) The remaining 60.0% is owned by Mr. Li Zheng, an ex-senior manager of Baidu’s healthcare unit.

THE PRE-IPO INVESTMENTS

Overview

Our Company entered into the Pre-IPO Subscription Agreements with each of Universal Valiant Limited, Redmoon Advisors Inc., and Alessandro Conelli on March 30, 2018, with Ahmed International Corporation (FZE) on July 25, 2018, and with each of Capricorn Union Limited, Jack Lu, Trittech Development Limited, and Center Laboratories Inc. on July 27, 2018. Hong Ta En entered into the Pre-IPO Share Purchase Agreement with Ocin on March 29, 2018. None of the Pre-IPO Investors was granted any special rights in relation to our Group under the Pre-IPO Subscription Agreements or the Pre-IPO Share Purchase Agreement (as the case may be). The Shares held by the Pre-IPO Investors are considered part of the public float for the purposes of Rule 8.08 of the Listing Rules as the Pre-IPO Investors (i) are not core connected persons of our Company; (ii) the subscription of its/his respective shareholding interest in our Company was not financed directly or indirectly by any core connected person of our Company; and (iii) are not accustomed to taking instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of securities of our Company registered in its/his name or otherwise held by it/him.

HISTORY, REORGANIZATION AND DEVELOPMENT

The following table sets forth certain key information of the Pre-IPO Investments:

Names of Pre-IPO Investors	Universal Valiant		Redmoon Advisors		Ahmed International Corporation (FZE)		Capricorn Union Limited		Jack Lu		Tritech Development Limited		Center Laboratories Inc.		Hong Ta En	
	Limited		Inc.		Corporation (FZE)		Limited				Limited		Inc.			
Number of Shares																
• Subscribed from the Company	5,714,200		571,400		1,142,800		5,714,000		228,560		571,400		1,100,000		Nil	
• Bought from Ocini	Nil		Nil		Nil		Nil		Nil		Nil		Nil		487,000	
Cost per Share	US\$0.875		US\$0.875		US\$0.875		US\$0.875		US\$0.875		US\$0.875		US\$0.875		US\$0.875	
Post-Money Valuation	US\$322.5 million		US\$322.5 million		US\$322.5 million		US\$322.5 million		US\$322.5 million		US\$322.5 million		US\$322.5 million		US\$322.5 million	
Date of the agreement(s) . . .	March 30, 2018		March 30, 2018		July 25, 2018		July 27, 2018		July 27, 2018		July 27, 2018		July 31, 2018		March 29, 2018	
Premium to mid-point of the Offer Price range . . .	9.4%		9.4%		9.4%		9.4%		9.4%		9.4%		9.4%		9.4%	
Amount of the total consideration paid	US\$5,000,000		US\$500,000		US\$1,000,000		US\$5,000,000		US\$200,000		US\$500,000		US\$962,548		US\$426,125	
Date of full settlement of consideration	April 9, 2018		April 16, 2018		July 27, 2018		August 1, 2018		July 30, 2018		July 31, 2018		July 31, 2018		April 12, 2018	
Basis of determination of the consideration	Determined based on arm's lengths negotiations between the parties.															
Use of proceeds and whether they have been fully utilized	The proceeds have been and will be used for the expansion of our Group's business and the acquisition costs as part of the Reorganization and general working capital purposes. As of the Latest Practicable Date, all of the proceeds had been utilized.															
Strategic benefits	Our Directors are of the view that the Pre-IPO Investors' investments demonstrated their confidence in our business operation and prospects.															

HISTORY, REORGANIZATION AND DEVELOPMENT

Names of Pre-IPO Investors	Universal Valiant		Redmoon Advisors		Ahmed		Capricorn Union		Jack Lu		Tritech		Center	
	Limited		Inc.		Alessandro Conelli	International Corporation (FZE)	Limited				Limited		Laboratories Inc.	Hong Ta En
Percentage of total share capital of our Company after completion of the subscription/acquisition	1.61%		0.16%		0.16%	0.32%	1.55%		0.06%		0.16%		0.30%	0.14%
Percentage of shareholding in our Company immediately following the completion of the Global Offering (assuming no Over-Allotment Option is exercised)	1.27%		0.13%		0.13%	0.25%	1.27%		0.05%		0.13%		0.24%	0.11%
Lock-up	Subject to a lock-up period of one year from the Listing Date		None		None		Subject to a lock-up period of one year from the Listing Date		None		None		None	
Information regarding the Pre-IPO Investors	Universal Valiant Limited is an investment holding company incorporated with limited liability in the British Virgin Islands which is wholly owned by an individual investor Chi Mei. Both Universal Valiant Limited and Chi Mei are Independent Third Parties.		Redmoon Advisors Inc. is an investment holding company incorporated with limited liability in the Republic of Seychelles which is wholly owned by an individual investor Hong Ta En. Both Redmoon Advisors Inc. and Hong Ta En are Independent Third Parties.		Alessandro Conelli is an individual investor and an Independent Third Party.		Ahmed International Corporation (FZE) is an investment holding company incorporated in The United Arab Emirates with limited liability and an Independent Third Party.		Capricorn Union Limited is an investment holding company incorporated with limited liability in the British Virgin Islands and an Independent Third Party. It is ultimately owned by Tri Kanchanadul, an individual investor and an Independent Third Party.		Jack Lu is an individual investor and an Independent Third Party.		Tritech Development Limited is an investment holding company incorporated with limited liability in the British Virgin Islands and an Independent Third Party. It is ultimately owned by Chu Yiu Kwong, an individual investor and an Independent Third Party.	
											Center Laboratories Inc. is a company incorporated in Taiwan and an Independent Third Party. It is a pharmaceutical company listed in Taipei Exchange (stock code: 4123), of which no shareholder owns 30% or more according to its public disclosure.		Hong Ta En is an individual investor and an Independent Third Party.	

HISTORY, REORGANIZATION AND DEVELOPMENT

Sponsor's Confirmation

The Sponsor has confirmed that the Pre-IPO Investments are in compliance with (i) the Interim Guidance on Pre-IPO Investments issued by the listing committee of the Hong Kong Stock Exchange, as the consideration paid by the Pre-IPO Investors was fully settled on or before August 1, 2018 which was more than 28 clear days before the date of our submission of the listing application form to the Listing Division of the Hong Kong Stock Exchange in relation to the Listing; and (ii) the guidance letters HKEx-GL43-12 and HKEx-GL44-12 issued and updated by the Hong Kong Stock Exchange.

POST-TRACK RECORD PERIOD ACQUISITION

On December 27, 2018, IntelliCentrics UK, a wholly-owned subsidiary of our Company, entered into a share purchase agreement (the “SPA”) with Nicola Arcos, Jonathan Arcos, Lisa Watts and David Watts (the “Vendors”) pursuant to which IntelliCentrics UK agreed to acquire the entire share capital of WAY from the Vendors for a total cash consideration of £2,545,000 (equivalent to approximately US\$3,232,150), subject to adjustments for, amongst other things, net cash and working capital. The consideration was determined within the range of six to eight times of WAY's revenue over the trailing twelve months of operations based on our senior management's assessment on WAY's historical results and future prospects with reference to a valuation performed by a business consulting firm. In this valuation, the business consulting firm used market-based approach and took into account of the valuations of comparable companies and precedent transactions. The WAY Acquisition was completed on December 27, 2018. WAY was 100% owned by the Vendors immediately prior to the completion of the WAY Acquisition. Each of the Vendors was not a connected person of our Company and was independent of our Company and our connected persons, to the best knowledge and information of our Company.

WAY is a company incorporated and registered under the laws of England and Wales on April 12, 2013. WAY is principally engaged in providing credentialing services in the United Kingdom, WAY is therefore is a competitor of our Group in the United Kingdom. According to the information provided by WAY, as of November 30, 2018, WAY had approximately 120 hospitals and approximately 2,500 paying users subscribing to its services. Having considered the market that WAY operates and its customer base, our Company expected the WAY Acquisition to help our Group further penetrate the credentialing market in the United Kingdom and our Company had therefore decided to carry out the WAY Acquisition.

HISTORY, REORGANIZATION AND DEVELOPMENT

Set out below is certain financial information of the Target for the two years ended April 30, 2017 and 2018 respectively according to the unaudited management accounts of WAY:

	As of and for the Year Ended April 30,	
	2017	2018
Total Assets	£50,358 (US\$63,955)	£79,761 (US\$101,296)
Total Revenue	£212,072 (US\$269,331)	£322,267 (US\$409,279)
Total Profits before Taxation	£17,023 (US\$21,619)	£36,651 (US\$46,547)
Total Profits after Taxation	£12,353 (US\$15,688)	£33,577 (US\$42,643)

An exchange rate of £1 = US\$1.27 is used for currency conversion and is for illustration purposes.

The consideration for the WAY Acquisition was determined after arm's length negotiations with reference to a valuation report issued by an Independent Third Party valuer. Our Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the WAY Acquisition. For details, see “Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver from Strict Compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules” in this prospectus.

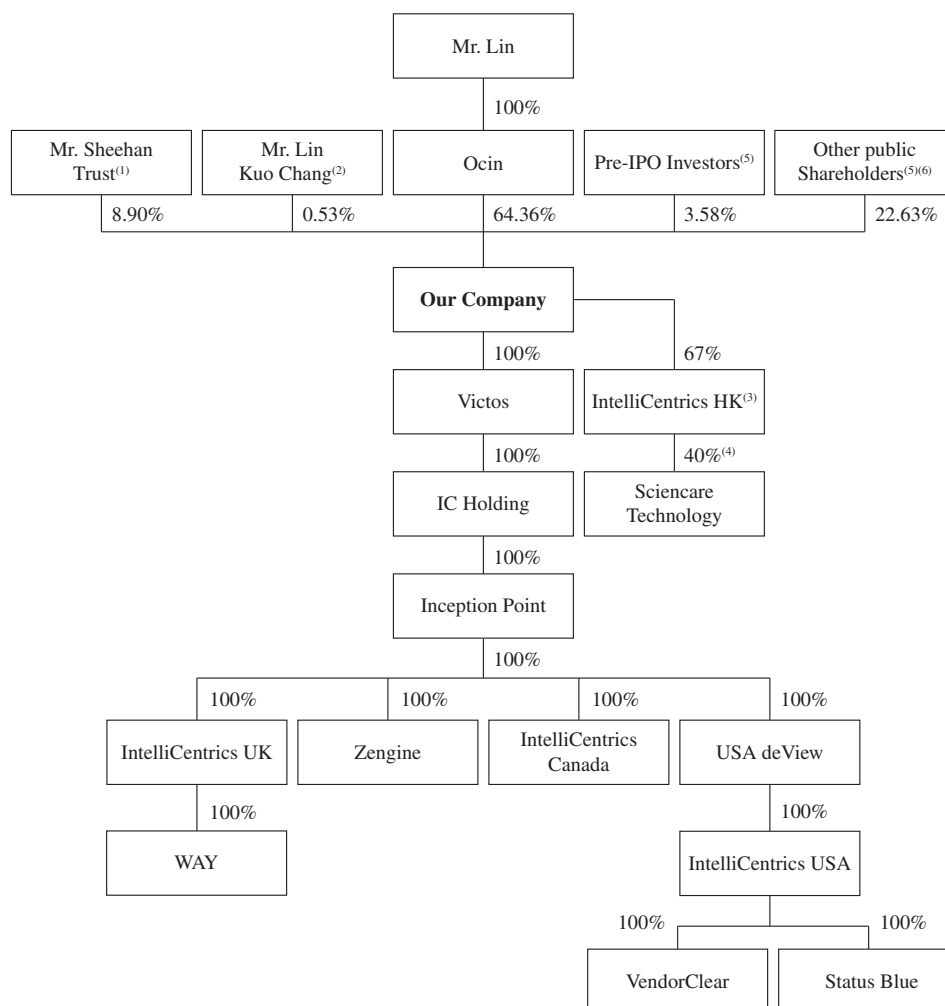
LISTING ON THE HONG KONG STOCK EXCHANGE

Our Company decided to seek a listing in Hong Kong with the belief that (i) Hong Kong is embracing companies in new economy sector and the overall capital market environment is supportive, and (ii) Hong Kong's proximity to China and the investors' relatively strong interest in healthcare-related companies are consistent with the Company's development strategies.

HISTORY, REORGANIZATION AND DEVELOPMENT

GROUP STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

We expect the corporate and shareholding structure of our Group immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) will be as follows:



Notes:

- (1) Mr. Sheehan Trust is a trust associated with Mr. Sheehan, our Chief Executive Officer and an executive Director of our Company, with Mr. Sheehan being a beneficiary and the trustee.
- (2) Mr. Lin Kuo-Chang is a non-executive Director of our Company and this includes 1,720,000 Shares that are beneficially owned by his son.
- (3) IntelliCentrics HK is a joint venture owned by our Company as to 67.0% and by Sciencare Holding (HK) Limited as to 33.0%.
- (4) The remaining 60.0% is owned by Mr. Li Zheng, an ex-senior manager in Baidu's healthcare unit.
- (5) Shares held by them are counted towards our public float under Rule 8.08 of the Listing Rules.
- (6) Comprising (i) 20,800,000 Shares held by 11 Independent Third Party investors and (ii) 80,900,000 Shares to be issued pursuant to the Global Offering (assuming the Over-Allotment Option is not exercised), representing 4.63% and 18% of the total issued share capital of our Company, respectively.

OVERVIEW

We operate a credentialing platform for compliance and security purposes in the healthcare industry and we are a leading platform in the vendor credentialing market in the United States in terms of both the number of paying subscribers and vendor credentialing revenue in 2017, according to CIC. Our platform collects, processes and verifies data and information in accordance with the different requirements of locations of care (“LoCs”), including hospitals and other types of locations where healthcare services are provided, so that the data and information can be trusted to determine whether the subscriber is compliant with the requirements.

We currently offer two main services: vendor credentialing solution and medical credentialing solution on our platform. We also offer certain “add-on” services. During the Track Record Period, approximately 95% of our total revenue each year was generated from annual membership fees received from our paying subscribers for our vendor credentialing solution, whose profitability remained stable in each year during the Track Record Period. We launched our medical credentialing solution in March 2018 and have been growing the LoC base and paying subscriber base of this solution ever since. In connection with this, we made significant investments in research and development as well as sales and marketing for medical credentialing in 2017 and 2018, which negatively affected our overall net profit in 2018. Although in the ten months ended October 31, 2018, revenue generated from our medical credentialing solution was insignificant, we had over 800 LoCs adopting our medical credentialing solution as of January 31, 2019, and expect its revenue and profit contribution to grow over time as we fully ramp up this solution.

What is Credentialing

Healthcare credentialing is a process that obtains, verifies and assesses certain criteria, including the educational background, training, work experience, certifications, and other professional qualifications of personnel who work in the healthcare industry. An LoC needs to conduct credentialing on medical staff or vendor representatives associated with it in order to ensure that these individuals, who have access to the LoC’s facilities, are in compliance with applicable regulatory or internal policy requirements for credentials. LoCs can conduct credentialing in-house or adopt third-party provided services, like our solutions.

How Our Credentialing Service Works in General

Our services enable LoCs to implement systems and processes that assist an LoC to screen, monitor, and track individuals entering and leaving its facilities and to log the individual’s purpose for doing so. Our services assist LoCs in implementing policies and procedures aimed at satisfying relevant regulatory requirements, guidelines and standards regarding patient privacy, infection control, patient safety and incident reporting.

LoCs that do not want to conduct credentialing in-house can adopt our services simply by connecting to our technology platform through the Internet and becoming our registered LoCs. A registered LoC would then inform the vendor representatives and/or medical staff which need to access the LoC that the LoC has adopted our vendor credentialing and/or medical credentialing solutions. Because the relevant registered LoCs will use our platform to conduct credentialing going

forward, all these associated vendor representatives and/or medical staff, to the extent they are not already subscribers, would have to become our subscribers in order to comply with such LoC's credentialing requirements after the subscribers' current credential files with the LoC expire. Each of our subscribers creates a profile on our platform and uploads data and information depending on the requirements of the relevant registered LoCs, and we will conduct verification on such data and information. When a subscriber logs into the platform at a specific registered LoC, the LoC's system will, through linking to our technology platform through the Internet, know whether the individual is fully compliant with the LoC's specific credential requirements, and then the LoC can grant or deny such subscriber access on that basis. Credential files will be updated from time to time based on specific requirements.

Who Pays Us

We charge paying subscribers a fixed annual fee. As of the Latest Practicable Date, we had more than 120,000 paying subscribers. The paying subscribers comprise representatives of pharmaceutical, medical device and other healthcare suppliers as well as medical staff including doctors, nurses, technicians and other healthcare practitioners. We currently do not charge registered LoCs.

Why Subscribers Pay Us

Once an LoC becomes our registered LoC, vendor representatives and/or medical staff who want to access the LoC to conduct business will be required to subscribe to our platform so that they can check in through our platform. Also, subscribers can achieve cost savings from our credentialing services by not needing to submit paper credentialing documents to the LoC and time efficiency as they no longer need to wait for clearance. We verify the data and information of our paying subscribers, so that the data and information can be used to determine whether the subscribers are compliant with the requirements of registered LoCs. A subscriber who uses our platform will no longer need to, with respect to any registered LoCs, manually submit and updates proof of credentials to each LoC the subscriber wishes to have access to, and wait for the LoC to confirm that it has reviewed the submitted papers and has approved the subscriber to provide services at the LoC. As we have more than 10,000 registered LoCs, each of our subscribers, by paying a fixed annual membership fee and creating a single profile, can make his or her credentials available to, and can potentially gain access to, over 10,000 registered LoCs on our platform.

Paying subscribers can easily review the credentialing requirements of each of the registered LoCs to which they are seeking access, as well as their credentialing documents submitted and the compliance status on our platform. In addition, our platform continues to monitor and communicate all relevant changes in the requirements of each registered LoC with our paying subscribers, allowing our paying subscribers ample time to take necessary steps to remain compliant. Our one-stop solution enables them to manage their credentialing process with multiple LoCs in a more efficient manner. The cost efficiency and time savings, together with the portability of the subscription, resulted in a low annual churn rate of 1.4%, 1.2% and 1.2% in 2015, 2016 and 2017, respectively, of our paying subscribers.

Why LoCs Need Us

In the highly regulated healthcare industry, LoCs are required to ensure that professionals providing services in their facilities are properly qualified. Compliance is mandatory and not discretionary. Being compliant is essential for LoCs to obtain reimbursement from the government or insurance companies for the healthcare services provided to patients.

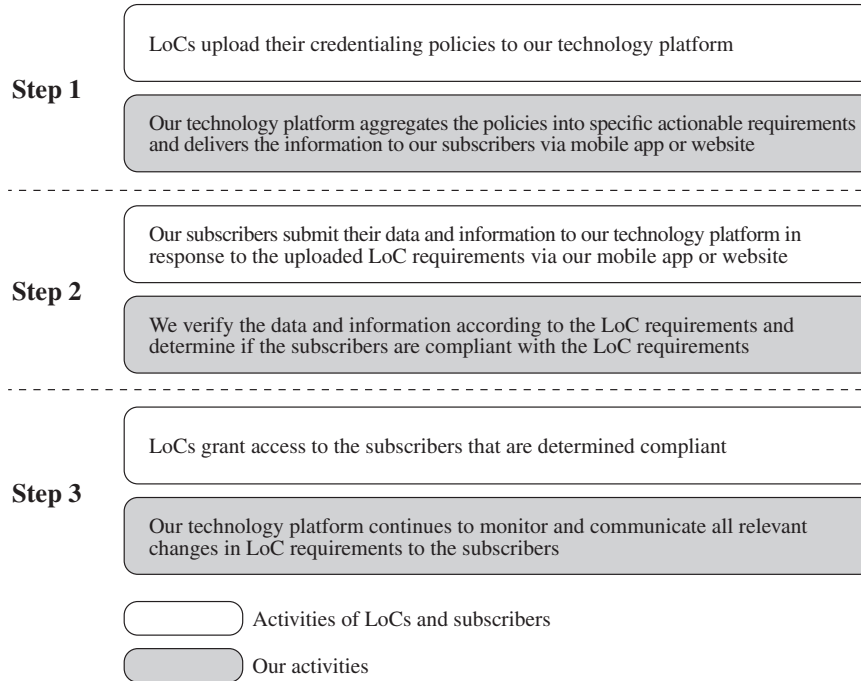
As to vendor credentialing, in the United States, government agencies and healthcare industry associations, such as the OSHA, the Joint Commission and the HHS, have introduced vendor compliance recommendations, guidelines and standards. In the United Kingdom and Canada, though there is no specific legislation which specifically prescribes what criteria a vendor representative has to satisfy in order to be allowed access to a restricted access area of an LoC, an LoC may set out various criteria in its own policies. Such criteria differ from LoC to LoC, with examples including providing satisfactory evidence of identification, employment, liability insurance coverage, immunization history, competence in operating theatre access courses, clean criminal background checks, and competence and adequate training in the purported area of expertise that a vendor representative has to satisfy in order to be allowed access to a restricted access area of an LoC.

As to medical credentialing, in jurisdictions where we operate, including the United States, the United Kingdom and Canada, medical staff are subject to a broad spectrum of licensing requirements issued by government and professional associations, and LoCs will perform medical credentialing in various circumstances to ensure, among other things, the medical professionals providing services in the LoCs are properly qualified according to their policies. See “Regulation” for details. Medical credentialing is the process of verifying the education, training, work experience, certification, and other professional qualifications of medical staff, through review of documents including: licenses, pharmaceutical registrations, occupational certifications, affiliation to professional associations, proof of insurance, and documents related to academic background, training, specialty and work history and conducting primary source verification on some of those documents by contacting the issuers of the documents to confirm the information contained therein.

According to CIC, while credentialing of professionals may be carried out in-house, a credentialing service provider delivers value propositions to an LoC, including a faster credentialing time and enhanced labor efficiency, and cuts out cumbersome manual work and coordination among multiple departments within LoCs. Also, as we offer our credentialing services to LoCs free of charge, the costs of credentialing to the LoCs, which represent labor costs associated with creating, monitoring and managing the professionals’ files in-house in LoCs, are greatly reduced. Because our platform collects, processes and verifies data and information in accordance with the requirements of the LoCs, the LoCs are able to determine whether or not a professional is compliant with its policies conveniently and efficiently.

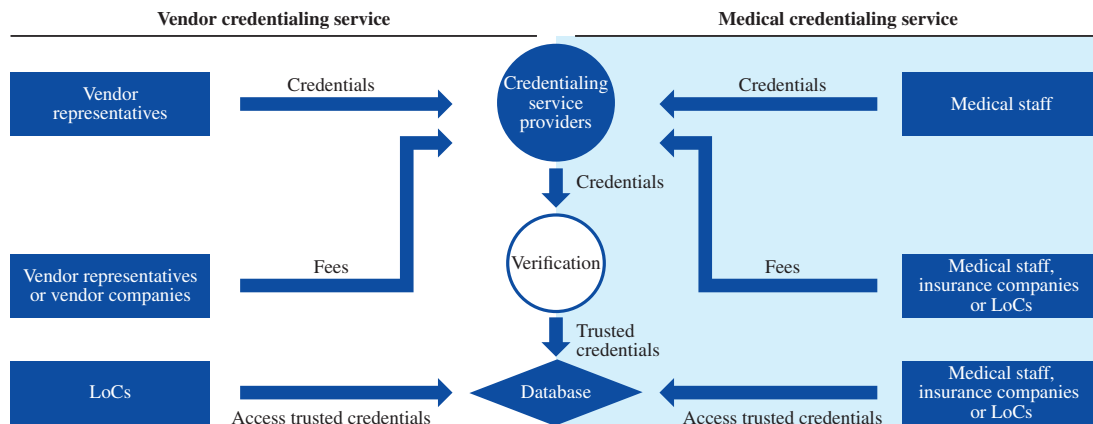
How Credentialing Is Done on Our Platform

Our cloud-based technology integrates all of our subscribers and registered LoCs on a single platform. By connecting and integrating all parties on our platform, we streamline the compliance process. This is accomplished in three major steps:



Our Credentialing Business within the Industry Value Chain

As a third-party credentialing service provider, our platform connects LoCs and other users in the healthcare industry seeking access to LoCs. The following diagram sets forth the business model and interactions between our platform and various users in the healthcare industry.

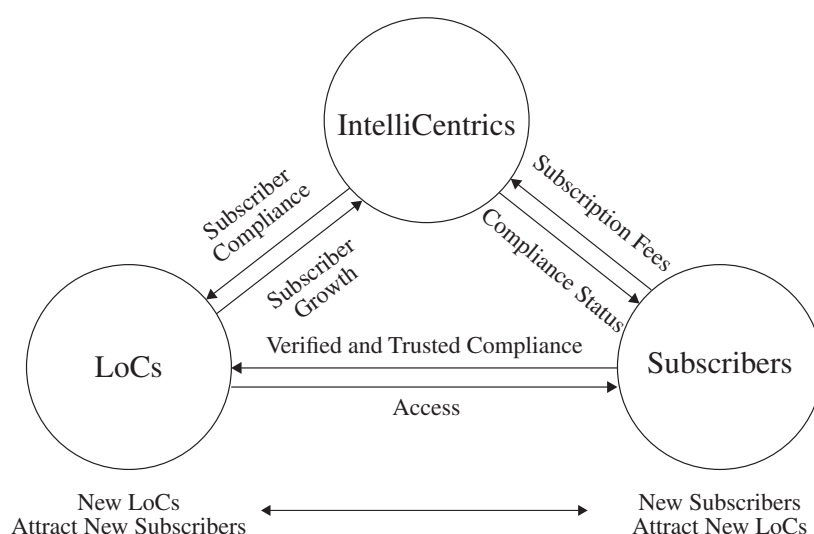


Source: CIC

For vendor credentialing, our technology platform connects LoCs and vendor representatives, enabling the relevant departments of LoCs to manage the credentialing of vendor representatives on our platform. The vendor subscribers pay annual membership fees to us and they may be reimbursed by vendor companies hiring them. In exchange, we perform the credentialing procedures for them and verify their credentials, which in turn enables them to access relevant LoCs. For medical credentialing, our technology platform also connects the medical staff office, human resource department or other relevant departments of LoCs with different categories of medical staff. The medical staff subscribers pay annual membership fees to us, and in some cases they can be reimbursed by insurance companies or LoCs. Similar to vendor credentialing, we perform the credentialing procedures for them and verify their credentials. This enables the medical staff to easily demonstrate their compliance status to the LoCs where they practice or intend to practice.

How We Grow

Our growth is driven by increasing the number of interactions across our technology platform, which operates in the United States, Canada and the United Kingdom, and we are entering China. Growth of our subscriber base is accomplished in three primary ways: (1) adding LoCs to our platform attracts more subscribers since they can gain access to more LoCs for a single annual membership fee. To achieve LoC growth, we could acquire LoCs which are using the solutions offered by market competitors through either our sales and marketing efforts or acquisition of competitors; alternatively, we could onboard LoCs that conduct credentialing in-house to our platform; (2) adding more subscribers to our platform attracts more LoCs because they can benefit from subscribers who are already compliant reducing the investment of time and effort to be compliant; and (3) we provide or sell additional add-on products and services to both LoCs and subscribers designed to save them time and money in obtaining and maintaining their compliance. The following chart illustrates our growth model:



We have five additional growth opportunities beginning in 2018, which are:

- **Medical Credentialing:** A market which has significantly larger potential than the vendor credentialing market given that the number of medical staff is at least 15 times larger than the number of vendor representatives in the United States, according to CIC.
- **Master Scheduling:** A service designed to eliminate the waste of time and money that would have been expended to schedule medical staff at an LoC.
- **E-Badge:** A real time active credentialing wearable that allows subscribers to avoid standing in line to check in at an LoC.
- **Referral and Recruitment:** In-app communications between subscribers and LoCs that saves time and costs associated with physician referral and recruitment. Medical doctors are frequently asked to provide peer reviews of the work of other medical doctors, either as a part of the credentialing requirements for the reviewee to be permitted to practice at an LoC, or a stand-alone request of an LoC for verification purpose. The communication of the request and submission of a peer review is generally time-consuming. This solution aims to streamline this process, allowing the reviewer to quickly transmit a review to the LoC via the mobile app.
- **Geographic Expansion of Credentialing Service:** We currently offer our vendor credentialing solution in the United States, Canada and the United Kingdom, and we are positioned to grow our medical credentialing solution in each region. Additionally, we formed a joint venture in China planning to provide credentialing services to vendors and medical staff.

See “— Our Strategies” and “— Our Pipeline Solutions” for details.

Key Financial Information During the Track Record Period

In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, we had revenue of US\$30.1 million, US\$30.8 million, US\$31.4 million, US\$26.0 million and US\$28.2 million, respectively. We generate revenue from annual membership fees received from our paying subscribers, as well as payments received for add-on services. As of December 31, 2015, 2016, 2017 and October 31, 2018, we had 121,152, 121,093, 122,591 and 119,575 paying subscribers in the United States. Our average revenue per paying subscriber in the United States was US\$250.0, US\$252.5 and US\$257.0 in 2015, 2016 and 2017, respectively. We increased our annual membership fee to one single fee of US\$287 in January 2018.

In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, we had net profit of US\$4.8 million, US\$7.0 million, US\$7.8 million, US\$7.3 million and US\$2.7 million, respectively. Primarily due to the increased research and development expenses for our pipeline solutions and the Listing expenses, our net profit decreased significantly in the ten months ended October 31, 2018. See “Financial Information — Results of Operations.”

OUR COMPETITIVE STRENGTHS

We believe we possess competitive strengths in four key areas, namely (i) our leading market position and large business scale, (ii) our subscription-based business model, (iii) our technology platform, and (iv) our visionary and experienced management team, which have contributed to our success and differentiated us from our competitors, and will continue to drive our success:

Our Leading Market Position and Large Business Scale

We operate a leading credentialing platform for compliance and security purposes in the vendor credentialing market in the United States in terms of both the number of paying subscribers and vendor credentialing revenue in 2017, according to CIC. As of the Latest Practicable Date, we had over 120,000 paying subscribers and 10,000 registered LoCs. Our leading market position and large business scale give us competitive edges in various aspects. In particular:

- ***High value propositions to our paying subscribers and registered LoCs:*** Our paying subscribers, once determined compliant, can access all of our registered LoCs in the world by paying a single annual membership fee. As such, the value propositions to our paying subscribers increases as the number of our registered LoCs increases. Without our solution, a professional would be required to manually go through the credentialing process of each registered LoC, creating a massive amount of repetitive tasks, increasing costs and heightening compliance risks. The cost efficiency, together with the portability of the subscription, result in a low annual churn rate of 1.4%, 1.2% and 1.2% in 2015, 2016 and 2017, respectively, of our paying subscribers.
- ***Our platform represents a new channel to market for third parties and strategic alliances:*** Our large registered LoCs base and paying subscribers base is an attractive channel to third parties who wish to provide add-on services through our technology platform. This allows us to monetize our healthcare community and better serve their different needs. For example, we partnered with CVS MinuteClinic and launched the provision of vaccination service in 2017. This enables our subscribers to purchase vouchers through our platform for seasonal flu and other vaccines provided at any outlet of CVS MinuteClinic and to have their vaccination records updated in their profiles on our platform without any further action required from the subscriber. Similarly, we cooperated with third parties to provide other services including online training, radiation exposure monitoring, criminal background check, general & professional liability insurance referral.
- ***Offering value-added information support to registered LoCs:*** We are able to provide LoCs with information on industry practices by analyzing data accumulated on our platform, thanks to our large registered LoCs base. For example, we make available to our registered LoCs the adoption rates of each different credentialing requirement within the LoC community using our platform. Such data assists those LoCs in evaluating their own policies by benchmarking against industry practices, and thereby helping them form and adjust their internal compliance policies and requirements.

- ***Significant barrier to entry for new and small competitors:*** Due to our large business scale, we have achieved high value propositions to our paying subscribers and built up reliable track record with the registered LoCs. It is unlikely that any new and small competitors would be able to compete with us effectively without substantial financial resources and time. We believe this barrier to entry would continue as our business continue to grow.

Our Business Model That Drives Strong Operating Cash Flow and High Gross Profit Margin

We charge each of our paying subscribers an annual membership fee at the beginning of the membership year, together with any fee for add-on services selected. This combination of subscription-based and service-based payment enables us to generate strong operating cash flow.

We create quantifiable value propositions to each user group in our community as evidenced by a 91% increase in our annual membership fee from 2008 to the Latest Practicable Date. Our add-on services, which are offered on a pre-paid basis, also contribute to our cash flow. Given our business model, in 2015, 2016, 2017, we had net cash flow generated from operating activities of US\$4.6 million, US\$13.0 million and US\$9.9 million, respectively. In addition, in the ten months ended October 31, 2018, despite recording a significantly lower net profit of US\$2.7 million mainly due to the increased research and development expenses for our pipeline solutions and Listing expenses, we recorded net cash flow generated from operating activities of US\$8.7 million compared to US\$10.0 million in the same period of 2017.

Furthermore, given the credentialing policies and requirements may be similar across different LoCs, the average costs for verifying each subscriber generally decrease as our subscriber base grows. This enables us to offer our subscribers a competitive annual membership fee while maintaining high gross profit margin. In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, our gross profit margin was 95.0%, 95.4%, 94.9%, 94.9% and 93.6%, respectively.

Contemporary Technology Platform Decreases Time-to-Market at Low Costs

Our second generation technology platform utilizes cloud-optimized and service-oriented architectures, which are capable of integrating all our solutions and add-on services onto a single platform. Since 2014, our technology platform has also been able to provide more rapid deployment of new features and minimize the requirements for physical presence at registered LoCs to facilitate updates and support for the growing number of add-on services across all regions. These enable us to easily expand our platform within existing market, into new solution markets as well as into new geographic markets at low costs:

- ***Expanding within existing market:*** Powered by the cloud-optimized technology infrastructure of our platform, a new LoC can adopt our system easily without us providing onsite support. With the guidance by our customer service team from our headquarters, we can onboard a new LoC within hours. Once installed, our LoCs immediately enjoy the benefits of the technology.

- ***Rolling out new add-on services:*** The service-oriented architecture allows us to integrate third-party services to our technology platform quickly and cost-efficiently. These integrated add-on services enhance our subscribers' experience and satisfaction as they provide more convenience for our subscribers to deal with continuing compliance requirements. Moreover, our close cooperation with service providers enables us to have certain information automatically transmitted to our platform, thus streamlining our processing of information for verification and reducing the expenses in providing our solutions.
- ***Expanding into new markets:*** Our technology platform is capable of integrating all our solutions and add-on services, as well as any new solution, into one platform. As such, time-to-market for our expansion into new solution market or geographic market is reduced in terms of both time and costs, which also lowers our commercial risks associated with prolonged implementation of expansion plans. Equipped with such technology, we have been able to develop a few new solutions and add-on services in parallel, while expanding into new geographical regions, such as China. See “— Our Strategies — Tap into New Geographical Regions Including China”.

Visionary and Experienced Management Team and Advisors

We have a visionary and experienced team of senior managers and advisors, who had consistently contributed to our successful development. Our co-founder and the Chairman of the Board, Mr. Lin, has over 20 years of investment and management experience in various industries including the healthcare industry. The other co-founder and Chief Executive Officer, Mr. Sheehan, has over 20 years of management experience and 11 years of credentialing business-related experience. Mr. Chen Yung-Fa, our Chief Financial Officer, has over 20 years of experience in the financial services industry. Mr. David Edward Taylor, our Chief Operating Officer, was involved in the field of healthcare technology for over 10 years. Ms. Nimisha Savani, our Chief Marketing Officer, has over 15 years of marketing and communications related experience in healthcare-related companies. See “Directors and Senior Management” for further details on each of Mr. Lin, Mr. Sheehan, Mr. Chen, Mr. Taylor and Ms. Savani. Our Chairman and Chief Executive Officer have been working together at our Group since we launched our first solution in 2007. We believe that, with the combination of strong operational experience and extensive expertise in healthcare, software, and information technology industries, our management team will help us sustain our growth and achieve greater success in the future.

Also, with over-a-decade track record and experience in the healthcare credentialing market, our core management team has demonstrated their capability to provide reliable and trustworthy services in the industry, which is an invaluable asset as we operate in the highly regulated and sensitive healthcare industry. We believe we will continue to benefit from the leadership of our experienced core management team as we expand into new solution markets as well as new geographies where there has not been similar platform with any track record.

OUR STRATEGIES

We strive to become the operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry that innovates and offers solutions based on verified data and information for users to monitor and comply with compliance requirements. To realize our goals, we plan to pursue the following strategies:

Reinforce Our Leading Position by Further Growing Our registered LoC Base

We believe the core to our long-term success is the sustained growth of our registered LoC base. Our vendor credentialing service is under-penetrated in certain regions in the United States, the United Kingdom and Canada. Although we had a registered LoC base of approximately 10,000 LoCs in the United States, the total available market of all types of LoCs in the United States covered more than 200,000 LoCs as of December 31, 2017, according to CIC. In particular, we had fewer than 100 registered LoCs in each of 19 states or territories in the United States as of December 31, 2018, including the District of Columbia, South Carolina, Nevada and West Virginia. We only had eight and 200 registered LoCs in Canada and the United Kingdom as of the same date, respectively. We intend to continue making investments in growing our registered LoCs base particularly with respect to driving LoCs to adopt our medical credentialing solution. The growth of our registered LoC base provides us with two important benefits. Firstly, the number of registered LoCs is critical to acquiring paying subscribers because (i) registered LoCs require vendor subscribers and, in some cases, medical staff subscribers, connected to them to sign up our platform and (ii) more registered LoCs bring more value propositions to paying subscribers, making our solution more attractive to them. Secondly, this concentration of subscribers will lower our costs to acquire subscribers, which in turn could increase the efficiency of our sales and marketing efforts. For this reason, our acquisition cost per paying subscriber decreased from US\$35.2 in 2015 to US\$26.6 in 2017. Therefore, we intend to reinforce our market leadership by securing additional registered LoCs. As of December 31, 2017, 2,802 of our total registered LoCs in the United States are hospitals, which represented about 50% of total hospitals in the United States at that time, according to CIC. Our penetration to other types of LoCs is much lower than that. For example, in the case of long-term care centers including nursing homes, as of December 31, 2017, we had fewer than 800 registered LoCs of this category, while its total number at that time in the United States exceeded 15,000 according to CIC. Taking into account all types of LoCs, including hospitals, ambulatory surgical centers, pharmacy service providers, physicians offices and nursing homes, there were over 200,000 LoCs in the United States as of December 31, 2017, according to CIC. Thus, one area of specific focus will be expanding our LoC coverage to include the new market of segments of LoCs, such as clinics, long-term care centers and private practice offices where healthcare is delivered.

We plan to achieve this by leveraging our long-term relationships with existing registered LoCs to capture more LoCs to adopt our platform and different solutions. We will further invest in our marketing programs such as the “5 Rings Award”, which is a loyalty and recognition program to promote the most vigilant LoCs currently adopting our solution, to enhance our brand awareness among LoCs in the relevant regions. We have been continuously providing customer support by trained local professionals as well as via online video tutorials. We believe excellent reputation and

user experience with our existing registered LoCs could facilitate our penetration to new LoCs. Furthermore, we intend to increase field sales and marketing efforts to communicate the enhancements across our technology platform.

By securing additional registered LoCs, in particular, penetrating into clinics and private practice offices, we expect not only to further increase our value to our existing subscribers, but also attract more subscribers to join our platform.

Ramp Up the Penetration of the Addressable Medical Credentialing Market

Medical credentialing market has significantly larger potentials than vendor credentialing market given that the number of medical staff is at least 15 times larger than the number of vendor representatives in the United States, according to CIC. Further, all medical professionals must be credentialed in order to practice at an LoC. However, a majority of LoCs in the United States do not utilize medical credentialing provided by third-party service providers according to CIC, as demonstrated by a low penetration rate of medical credentialing service of 40% as of December 31, 2017, and for those LoCs which do use third-party service providers, they are predominantly software companies which provide software solutions for in-house credentialing use. This is vastly different from the technology platform solution we offer. If credentialing medical staff in-house, LoCs bear various costs on their own accounts, which include management, administration, labor, software and third-party fees. Also, the current system for credentialing is primarily paper-based. With increased pressure on LoCs to lower costs, save time and increase efficiency, technology solutions are expected to be increasingly popular in the United States. We believe our model and technology provide advantages which the LoCs can not replicate when credentialing medical staff in-house. By following the identical model we used to achieve a leading position in the vendor credentialing market, we will offer medical staff credentialing solution free of charge to each LoC, while charging medical staff subscription fees. Under this model, both the LoCs and medical staff will benefit from significant cost and time reductions, because our technology allows the medical staff to deliver their credentialing profiles across our entire platform to all registered LoCs for a single annual fee instead of preparing and managing separate credentialing profiles with each registered LoC they access.

As of January 31, 2019, we had 834 LoCs that adopted our medical credentialing solution. We will continue to increase our investment in sales and marketing efforts to promote this new solution to LoCs, medical staff and organizations of healthcare professionals. Additionally, we plan to strengthen our customer service to medical staff to enhance the user experience of our medical staff solution. We believe expanding our reach to the medical staff population, which is of a much larger scale than the vendor representative population, can further benefit our healthcare community and complete the platform ecology circle and broaden our revenue base.

Continue Innovation to Enrich Our Solutions and Add-On Services

We intend to continue technology innovation to develop more solutions and add-on services to serve our existing and future subscribers. We are in the process of developing our entity credentialing solution to provide LoCs with the ability to obtain and monitor the compliance of the legal entities with whom they do business, including pharmaceutical companies, medical device

companies and other healthcare suppliers. This is necessary for reimbursement from the government or insurance companies for healthcare services provided to patients because an LoC must obtain and maintain status as a participating provider and demonstrate compliance with regulations, guidelines and conditions of participation, to avoid sanctions like recoupment of reimbursement or other false claims liability. See “Regulation — Relevant Laws and Regulations of the United States — Regulations, Standards and Guidelines on Healthcare Credentialing” for details. In particular, our technology platform provides LoCs a single dashboard to monitor all credentialed subscribers at their LoCs. Through entity credentialing, our technology platform will assist the LoCs in managing their supply chain more efficiently and will provide them with better data to make more informed decisions. The new solution will also track change the credential requirements to better support the LoCs to remain compliant.

Moreover, we are in the process of developing more solutions and add-on services designed to save time and money of our subscribers and registered LoCs and increase their efficiencies of communications. For example, we intend to provide a master scheduling service designed to eliminate the waste of time and money that would have been expended to schedule medical staff at an LoC. We are in the process of developing “E-Badge,” a real time active credentialing wearable that allows subscribers to avoid standing in line to check in at an LoC. We also plan to launch in-app communications between subscribers and registered LoCs that increase the efficiencies of communications for referral and recruitment, supporting the value proposition that existing subscribers attract new LoCs and new LoCs attract new subscribers. See “— Our Pipeline Solutions” for details. We also intend to cooperate with more third-party suppliers to offer new add-on services. For example, in August 2018, we entered into a non-binding collaboration to develop an electronic medical record service with Records For Living, Inc., a company in the personal health record business.

We will also continue to take advantage of technologies to automate and optimize our processing, verification and customer service procedures in order to increase our operational efficiency, rendering quick turnaround and enhance user engagement. Moreover, we plan to strengthen our research and development capabilities by attracting talent and making investments in technological development and acquisitions. We intend to streamline our solution development structure to further enhance our research and development capabilities, aiming at improving features and functions on our platform with enhanced user experience or timely responding to our subscribers’ requests. With the evolving regulatory environment and technologies, we believe we are able to offer new solutions and services to the registered LoCs and paying subscribers, which will in turn enable us to tap into greenfield in the healthcare credentialing market.

Tap into New Geographical Regions Including China

We intend to leverage our market leadership, reliable track record and reputation, and our highly scalable platform to tap into new geographical markets with substantial need of access to quality healthcare, including China. We expect to leverage the market dynamics within each country to expand into our next major markets. For example, based in our office in the United Kingdom, we plan to gradually expand into the European countries. Moreover, we will attach

importance to the localization of the user experience of our solutions and add-on services when expanding into a new geographies, which is essential to market adoption due to the highly sensitive nature of healthcare.

According to CIC, the healthcare credentialing market in China is currently a greenfield and there is a huge potential for credentialing platforms for compliance and security purposes to break into this space and thrive with the rising awareness for a healthier and safer healthcare service delivery environment in China. Recent healthcare reform efforts in China have targeted general practitioners and primary caregivers, leading to new business opportunities and needs for various users within the healthcare industry. Moreover, with the Chinese government attaching more importance to the healthcare industry, regulations on vendors and medical staff are becoming stricter, and with more policies and rules to be made in the future, there expects to be a rapidly growing demand for credentialing platforms for compliance and security purposes in the healthcare industry in China. The market size for healthcare credentialing in China is expected to grow from US\$3.5 million in 2018 to US\$29.1 million in 2022 at a CAGR of 69.3%, according to CIC. See “Industry Overview — Healthcare Credentialing Market outside the United States — Healthcare Credentialing Market in China” for further information of the growth potential of the healthcare credentialing market in China. To tap into the large market in China, in May 2018, we formed a joint venture, Sciencare Technology, planning to provide credentialing services to vendors and medical staff. See “— Business Plan of Our Joint Venture in China” for details.

We expect to continue to build operational capabilities in additional geographical regions and pursue global reach, resulting in worldwide connections among healthcare industry stakeholders on our platform and cross-border portability of the verified information of our users.

Selectively Pursue Strategic Alliances, Investments and Acquisition Opportunities

Our technology platform represents a robust new channel direct to a broad spectrum of healthcare professionals. Therefore, we will strengthen our cooperation with third-party service providers for more add-on services designed to increase time and cost efficiencies for both our subscribers and registered LoCs. By possessing a large number of paying subscribers, we believe we can favorably negotiate competitive terms and conditions. As such, we intend to selectively pursue strategic alliances, collaborations and partnerships with companies with businesses and technologies that complement our technology portfolios and existing capabilities, capture new revenue streams, lower our customer acquisition cost and broaden our healthcare community and offerings. In selecting partners for strategic alliance, we primarily evaluate the value of solutions and services that can be created together with the partners, such as time and cost savings for our paying subscribers. To achieve this, from time to time, we study and review our credentialing procedures across various subscriber groups and look for time-consuming, labor-intensive processes. For example, in the process of verifying documents of vendor subscribers, a manual check of the documents is performed, whereby an employee reviews the documents for a series of attributes which fit the credentialing requirements. In the process of verifying the licenses of medical staff subscribers, our employees either email the primary source or access the database maintained by the primary source manually (such as the American Podiatric Medical Associations), and then verify that the license is active and that the licensee is in good standing. A similar manual

check is also performed in the verification of other documents related to academic background and specialties, among others. These manual processes could be automated through technology, such as artificial intelligence and machine learning, so as to reduce the cost and time of verification. Based on the findings, we will look for companies whose technologies can be utilized to streamline such process as our strategic partners. Secondly, we are inclined to collaborate with partners whose systems are capable of being integrated with our platform more easily. Furthermore, we evaluate their capabilities of operating in compliance with stringent requirements applicable to the healthcare industry in various aspects, including data processing and sharing.

Our growth has been fueled by a number of strategic mergers and acquisitions. In selecting targets of mergers and acquisitions, we primarily target companies that can contribute to the growth of our registered LoC base and paying subscriber base, in particular subscribers to our medical credentialing solution. As such, in the United States, we intend to seek acquisitions of healthcare platforms having LoCs in areas where we have a relatively low LoC market share. Although we are interested in acquisitions of targets that could bring an additional subscriber base to our platform immediately, with the introduction of the medical credentialing solution in March 2018, these acquisitions are not our focus in the immediate future within the United States. Rather, our more immediate focus will be to scale up our medical credentialing solution, to grow medical staff subscribers by attracting more LoCs, and introducing new innovative products with the aim of growing average revenue per paying subscriber. In other countries where we operate, we intend to review healthcare platforms which can help us further penetrate the market. According to CIC, the healthcare credentialing market outside the United States is much more fragmented. Therefore, we believe there are plenty of possible acquisition targets. Specifically, we plan to expand our business into major markets in the European Union. Our most recent acquisition of WAY in December 2018, which potentially brought approximately 120 registered LoCs and approximately 2,500 paying subscribers to our platform, is an example of the type of target we will pursue to gain further access to a market, and the Directors believe it will provide a potential gateway into the European Union. See “History, Reorganization and Development — Post-Track Record Period Acquisition” for details.

With respect to sector preference, as we continue to penetrate healthcare industry participants, our focus will be on medical or vendor credentialing service providers as our entry point into any given market that we target. In addition, as we are a technology platform, we would be interested in companies possessing technologies and abilities that can improve customer experience and engagement. In this case, we will search for suitable targets worldwide, as technology companies catering to our demand are not country specific.

We believe our extensive experiences will continue to help us identify and pursue strategic alliances and acquisitions when suitable opportunities arise. All opportunities of these strategic transactions are reviewed by our senior management team comprising our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Marketing Officer prior to resource commitments. Depending on the size and nature of the transaction, independent external advisors including a valuer may be engaged to investigate and evaluate the transaction. After sufficient investigation and evaluation, the transaction will be put forward to our Chief Executive Officer and/or our Board for approval, subject to compliance with the Articles. Whilst we do not currently have

BUSINESS

specific targets for mergers and acquisitions as of the Latest Practicable Date, our management plans to carefully evaluate any investment, acquisition or strategic cooperation opportunity that may arise from time to time in order to pursue optimal transaction structure, realize synergy and create significant value for our Company and Shareholders. See “Future Plans and Use of Proceeds — Use of Proceeds” for further details.

OUR SOLUTIONS AND ADD-ON SERVICES

We offer solutions and add-on services through our technology platform. As of the Latest Practicable Date, our solutions included vendor credentialing and medical credentialing, and our add-on services included radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral.

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

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
				(unaudited)	
	(in thousands of US\$)				
Credentialing Solutions					
Vendor					
credentialing ⁽¹⁾	28,894	29,499	29,558	24,551	26,484
Medical credentialing .	—	—	—	—	72
Subtotal	28,894	29,499	29,558	24,551	26,556
Add-on services					
Online training ⁽²⁾	952	1,076	1,285	1,056	657
Other add-on					
services ⁽³⁾	289	259	556	387	940
Subtotal	1,241	1,335	1,841	1,443	1,597
Total	30,135	30,834	31,399	25,994	28,153

Notes:

- (1) Primarily including revenue from subscription of the annual membership of our vendor credentialing solution during the Track Record Period and subscription of the expedited processing option from 2015 to 2017.
- (2) We changed our membership system and have ceased to offer online training as an add-on service since January 1, 2018, when it was integrated as a part of the paying membership subscription. See “— Pricing and Payment — Pricing.” The revenue recognized as online training in the ten months ended October 31, 2018 represents the fees received in 2017 for subscription of online training but recognized as contract liabilities.
- (3) Primarily including revenue from radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral.

BUSINESS

Credentialing Solutions

We currently offer two solutions on our platform: vendor credentialing solution and medical credentialing solution. We have launched a pilot entity credentialing solution, and are in the process of developing certain other solutions.

During the Track Record Period, substantially all of our paying subscribers were representatives of pharmaceutical, medical device, and other healthcare suppliers. As of October 31, 2018, we had 121,060 paying subscribers, including 119,575 in the United States, 62 in Canada, and 1,423 in the United Kingdom. As LoCs' demand drives the credentialing process, we consider the acquisition and retention of registered LoCs as the key to our business. As of October 31, 2018, 10,530 LoCs adopted our vendor credentialing solution, including 10,437 in the United States, eight in Canada and 85 in the United Kingdom. In addition, 72 LoCs had adopted our medical credentialing solution as of October 31, 2018. The following table sets forth certain information of our registered LoCs and paying subscribers of our vendor credentialing solution in the United States and acquisition cost per paying subscriber globally as of the dates or for the periods indicated:

	As of and for the year ended December 31,			As of October 31,
	2015	2016	2017	2018
Registered LoCs	9,706	9,696	10,137	10,437
Paying subscribers ⁽¹⁾	121,152	121,093	122,591	118,822 ⁽²⁾
Recurring paying subscribers ⁽³⁾	119,456	119,640	121,120	N/A ⁽⁴⁾
Annual churn rate ⁽⁵⁾	1.4%	1.2%	1.2%	N/A ⁽⁴⁾
Average revenue per paying subscriber (US\$) ⁽⁶⁾	250.0	252.5	257.0	N/A ⁽⁴⁾
Acquisition cost per paying subscriber (US\$) ⁽⁷⁾	35.2	33.7	26.6	N/A ⁽⁴⁾

Notes:

- (1) Paying subscribers refers to the subscribers whose annual membership remains effective as of the end of the relevant period.
- (2) In addition, we had 753 paying subscribers of our medical credentialing solution in the United States as of October 31, 2018.
- (3) Recurring paying subscribers is calculated by the number of paying subscribers as of the end of a year multiplied by the annual retention rate of the relevant year, which equals to 1 minus the annual churn rate as calculated below.
- (4) The operating metric is not applicable for stub period. For the analysis of relevant operating metrics as of and for the year ended December 31, 2018 and as of January 31, 2019, see "Summary — Recent Developments."

- (5) Annual churn rate of our paying subscribers equals the sum of monthly churn rate of our paying subscribers of each month in a given calendar year. The monthly churn rate of our paying subscribers is calculated by the number of paying subscribers who have no activity on our platform during that month divided by the number of paying subscribers as of the end of that month.
- (6) Average revenue per paying subscriber is calculated by dividing the total revenue in a full financial year by the average of the number of paying subscribers as of the end of each month of the relevant year.
- (7) The subscriber acquisition cost is calculated by dividing the selling and marketing expenses in a full financial year by the numbers of paying subscribers as of the end of the relevant year.

Our paying subscribers in the United States decreased by 2.5% from 122,591 as of December 31, 2017 to 119,575 as of October 31, 2018, which we believe was primarily due to an increase in our annual membership fee since January 1, 2018. See “— Pricing and Payment — Pricing” for details. Our acquisition cost per paying subscriber was US\$35.2, US\$33.7 and US\$26.6 in 2015, 2016 and 2017, respectively. The decrease from 2015 to 2017 was primarily due to a decrease in the number of sales and marketing employees as our sales and marketing efforts for vendor credentialing, which is a relatively more mature solution for our Group, remained stable. As we introduced our medical credentialing solution in March 2018, we hired new sales and marketing employees to strengthen our sales and marketing force to promote this new solution, and for this reason our acquisition cost per paying subscriber increased to US\$35.1 in 2018. For details of relevant operating metrics as of and for the year ended December 31, 2018 and as of January 31, 2019, see “Summary — Recent Developments.”

Vendor Credentialing Solution

Our vendor credentialing solution connects LoCs and vendor representatives, enabling the relevant departments of LoCs to manage the credentialing of vendor representatives on our platform. It is our first and principal solution, from which we generated the vast majority of our revenue during the Track Record Period.

Vendor credentialing is the process of establishing the qualifications of vendor representatives and assessing their background and compliance with an LoC’s policies for access onto their premises. LoCs are sensitive to risks of healthcare-associated infections (“HAIs”) and threats to the security of the persons, property and files on their premises. Such risks could increase with the presence of unregistered persons in the LoCs. For example, vendor representatives who have access to an LoC’s patient areas may increase the risk of occurrence of HAIs. They may also have access to patients’ health records, which may increase the risk of breach of patients’ privacy. Government agencies and healthcare industry associations in the United States, such as the OSHA, the Joint Commission and the HHS have introduced vendor compliance recommendations, guidelines and standards. See “Regulation — Relevant Laws and Regulations of the United States.” In the United Kingdom and Canada, though there is no specific legislation which specifically prescribes what criteria a vendor representative has to satisfy in order to be allowed access to a restricted-access area of an LoC, an LoC may set out in its own policies various criteria. Such criteria differ from LoC to LoC, with examples including providing satisfactory evidence of identification, employment, liability insurance coverage, immunization history, competence in operating theatre access courses, clean criminal background checks, and competence and adequate training in

purported area of expertise that a vendor representative has to satisfy in order to be allowed access to a restricted-access area of an LoC. Moreover, being compliant is essential for the LoCs to obtain reimbursement from the government or insurance companies for the healthcare services provided to patients. See “Industry Overview — Application of Technology Platforms in the Healthcare Industry-Two Main Healthcare Credentialing Services — Vendor Credentialing and Medical Credentialing — Vendor Credentialing Services-Dominated by Lead Technology Platform Player.” To comply with the regulatory requirements and maintain a safe and secure environment, LoCs may have internal policies for, among other things, vendor credentialing.

Typically, LoCs’ vendor credentialing policies have two components: credential review and access oversight. In terms of a vendor representative’s credentials, LoCs may screen a vendor representative in the following aspects:

- proof of immunizations;
- criminal or financial sanctions;
- liability insurance coverage;
- knowledge to sell the products or capabilities to provide services in connection with the products being sold; and
- acknowledgement of the LoC’s policies.

Documents relevant to the above-mentioned information are thus required to be submitted by vendor representatives in the process of credentialing and seeking access to LoCs. The verification of such credentialing documents is subject to the requirements set forth in LoCs’ policies. Prior to adoption of our vendor credentialing solution, LoCs have to be satisfied as to our standard of verification, being, in the case of our vendor credentialing solution, on the basis of self-attestation.

With respect to access oversight, an LoC should generally require each vendor representative to check in at the entrance, obtain a badge and carry it at all times when they are present at the LoC, and check out when they leave so that the LoC can know which vendor representatives are present in the premises at any one time, what they are there for, how long they stay and when they leave. This is not only useful for monitoring vendor representatives in the LoC, but also assisting them in circumstances like evacuations.


Vendor credentialing requirements may vary depending on the specific LoC, the areas to be accessed by the vendor representatives and the level of patient contact and interaction. Vendor representatives entering clinical areas, such as the operation rooms, may be subject to more scrutiny than those only visiting supply and storage areas. These variations complicate the process for vendor representatives requiring access privileges allowing them to perform job duties at LoCs. Accordingly, we developed our technology solution through our technology platform to simplify the management of the process, by offering two distinct but interconnected interfaces to registered LoCs and vendor subscribers, respectively.

Some LoCs require general visitors and volunteers to acknowledge their policies and check in before each visit. In such case, these visitors will sign up as our non-paying subscribers to our platform. With our free membership, they can access common and nonpatient facing areas of LoCs in their capacity as general visitors or volunteers, but will not be able to have their information verified and credentialed.

Registered LoCs

Our solution starts with deploying our platform to registered LoCs. Our cloud-based technology allows us to deliver a highly time- and cost-efficient experience. Furthermore, if credentialing vendor representatives in-house, LoCs bear various costs on their own accounts. In contrast, registered LoCs use our vendor credentialing solution for free. The convenience and savings are factors which motivate LoCs to join our platform.

Once an LoC decides to use our service, we create administrative accounts with different levels of authority for the LoC. registered LoCs can manage all features in the credentialing cycle from the registered LoC's perspective on their dashboard as shown in the example below.


IntelliCentrics
Experience SEC^{URE} Healthcare


Facility Area

Welcome: Laura Underwood (ID: 8710) | [Logout](#) | [Admin Area](#)
[Now Live Chat: Click Here](#)
[Need Help? Email: FacilitySupport@intellcentrics.com](#)
[To talk to a live Rep: 817-SEC3URE \(732-3873\)](#)

[Home](#) | [Profile](#) | [RETools](#) | [REPscore](#) | [Administration](#) | [Visitor Management](#) | [Help & Resources](#)

Quick Links

- Concierge Overview: On File
- Find Rep Login ID
- REPsearch / Add REPscore
- Facility Dashboard
- Contact Us

System News
What's New
Know on the GO! Take a test drive of the new SEC^{URE} Facility mobile app (beta version 1.0.2f)



REPsearch
[REPsearch >>](#)

SEC^{URE} Training and Support
[Click here to find Training and Resources](#)

Facility Visits (past 24 hours)
Click on a rep or visit for additional details.

Name	Company	Facility	Department	Date/Time	Visit Length	
Luke Skywalker	Skywalker, Inc.	IntelliCentrics	human resources	09-03-2018 05:52:46 PM	74 mins	Visit Details Add REPscore
George Jetson	Sprocket, Corp	IntelliCentrics	human resources	09-03-2018 05:51:36 PM	75 mins	Visit Details Add REPscore

Recent Negative REPscore Events (past 7 days)
Negative REPscore events in your facilities.

Name	Company	Facility	Date	Event	
 Camille Greer	IntelliCentrics	IntelliCentrics	08-29-2018	Left the premises without properly signing out	Event Details

Copyright ©2018 IntelliCentrics Inc. All Rights Reserved.
Top of Page | Terms of Use | Privacy Policy
Page Execution Time: 1.3500 seconds ip-172-20-4-250

Such features include:

- ***Policy Generator:*** Our policy generator streamlines credentialing requirements to codes and items, with which registered LoCs can upload their credentialing requirements to our platform simply by checking some boxes with our policy generator.
- ***Policy Update:*** Our in-house team keeps track of regulatory developments such as WHO and CDC requirements, so that we can keep the registered LoCs updated on such developments.
- ***Kiosk Setting:*** Through our self-installation documentation and, if required, our customer service hotline, we guide registered LoCs to set up a check-in kiosk at the entrances to their premises. At the check-in kiosk, a registered LoC generally deploys a computer connected to a badge printer at its own cost, and the kiosk devices are remotely integrated with our platform, so that vendor subscribers can print their badges at the kiosk when they check in at the registered LoC.
- ***Search Tool:*** Registered LoC account users can use the search tool to access and review the profile of each vendor subscriber who has applied for credentialing with them. Only information processed and verified by us is available to registered LoCs on each vendor subscriber's profile page. They can also review and assess certain personal information, credentialing documentations, entry/exit logs, historical compliance status, requests for exemptions from certain credentialing requirements, and finally decide whether or not they will grant access privileges to the vendor subscriber and if so, with or without certain exemptions.
- ***Geo Fencing:*** Registered LoCs can opt for geo fencing feature. With this feature activated, vendor subscribers can check in such LoC only when they enter an area within a certain parameter of the relevant LoC, such as a one-mile zone. Furthermore, this function forces vendor subscribers to check out the relevant LoC if they exit the designated parameter.
- ***Visitor Report:*** Registered LoCs can generate reports with the name, company, date, time, and the length of stay of vendor subscribers who have checked into their facilities using our platform during the period of their choice, facilitating their internal review and management of vendor representatives and auditing tasks.

BUSINESS

In the United States, LoCs adopting our vendor credentialing solution reached 9,706, 9,696, 10,137 and 10,437 as of December 31, 2015, 2016 and 2017 and October 31, 2018, respectively. The following table sets forth a breakdown of LoCs adopting our vendor credentialing solution by category in the United States as of the dates indicated:

	As of December 31,			As of October 31,
	2015	2016	2017	2018
Hospitals	2,543	2,869	2,802	2,880
Physician offices	5,193	4,780	5,172	5,468
Surgery centers	1,118	1,244	1,368	1,455
Others ⁽¹⁾	852	803	795	634
Total	9,706	9,696	10,137	10,437

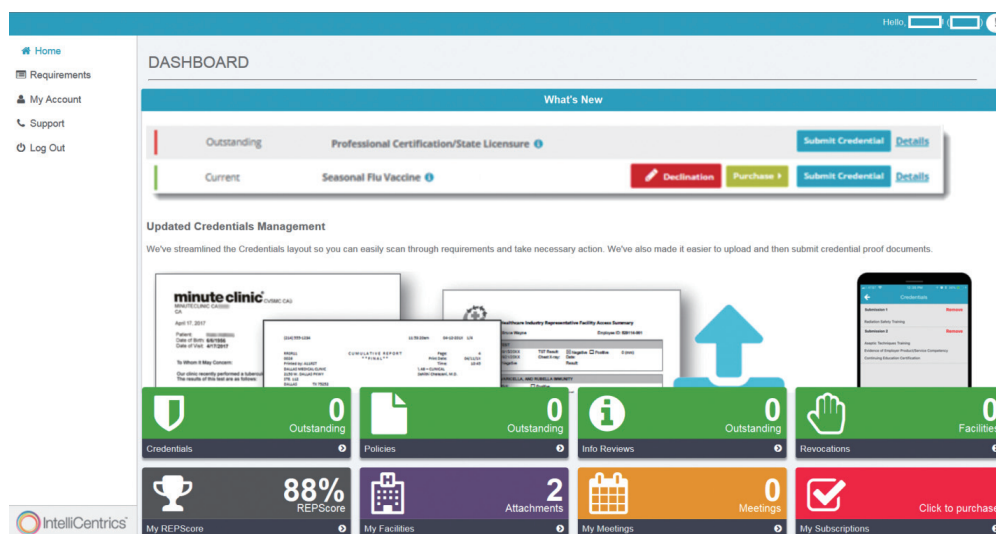
Note:

- (1) Including imaging centers, long-term care centers, and other various types of locations where healthcare services are provided.

Vendor Subscribers

Vendor representatives may register on our platform by signing up on our website or mobile app. With a simple click and payment process, vendor subscribers can subscribe to our paying membership for our full credentialing solutions and purchase add-on services.

Our vendor subscribers can manage various functions on their dashboard as shown in the example below, which primarily include:

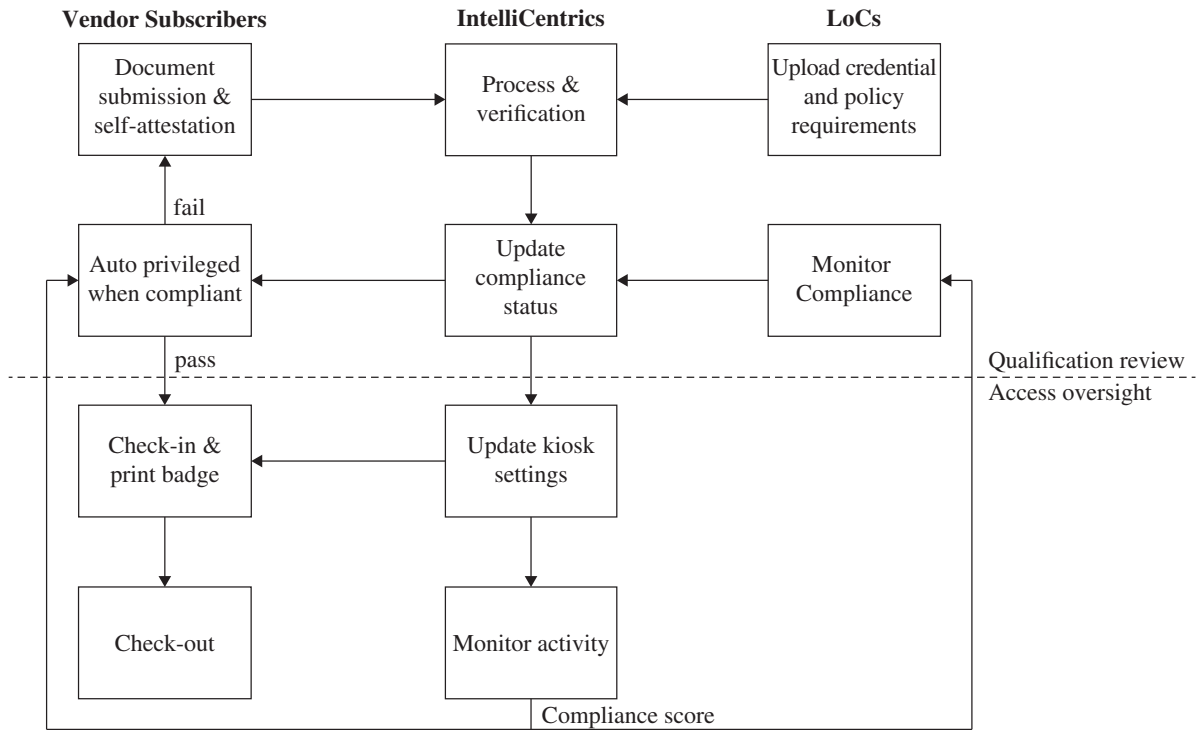


- **Credentials:** When vendor subscribers choose a registered LoC to which they intend to seek access, a to-do list is automatically generated based on credentialing requirements entered by the corresponding LoC. The vendor subscribers can upload their files by various means, including uploading a scanned copy or even taking a picture with their mobile phone. After that, they can keep track of their credentialing progress by receiving our notifications and reviewing their progress bar showing levels of completion with each registered LoC. Until December 31, 2017, we had guaranteed a four-business day turnaround time for completion of the credentialing process for all of our paying vendor subscribers. Turnaround refers to the time required for our credentialing staff to respond to a document uploaded or transmitted to our platform or a request of a subscriber, during which time the document will either be (i) accepted, reviewed and verified; or (ii) rejected and the subscriber notified of rejection. Paying vendor subscribers for whom time is of the essence could purchase our expedited processing option to shorten the turnaround time of their documents to one business day. In 2015, 2016 and 2017, we had 41,910, 45,756 and 51,441 subscriptions of our expedited processing option, respectively. Furthermore, our vendor subscribers could enjoy the expedited processing by subscribing to a higher level membership. Over the years of our operation, we have been optimizing our internal procedures of document processing, and as a result of more experienced staff and automation of the processes, we have been able to gradually reduce the turnaround time. As such, we are now able to offer a standard turnaround time of one day (together with unlimited access to 20 online training courses) as part of our membership package with effect from January 2018. See “— Pricing and Payment — Pricing” for details.
- **Policies:** Acknowledgement of policies of a registered LoC is also a prerequisite to gaining access privileges, and our interface allows access to all the policies uploaded by our registered LoCs. All vendor subscribers can satisfy this requirement by reviewing the relevant policies, and acknowledging that they have read the same, on our website or mobile app. If there is any update to the registered LoC’s requirements, our platform will automatically generate reminders which are sent to the relevant vendor subscribers.
- **LoC Management:** Vendor subscribers can add the registered LoCs they intend to enter and those to which they have been granted access to enter, in a list for quick access. When they reach a registered LoC, they can quickly locate the LoC on the list and complete the check-in procedures. Our platform captures information of each visit as entered by the vendor subscriber, including date, time, length of stay, and with whom the vendor subscriber meets at the LoC.

- **Compliance Score:** Our technology platform rates the compliance status of each vendor subscriber by detecting their activities, for example, whether their check-in/check-out activities match the timing they entered for the visit to the registered LoCs and their geographical locations. From a fully compliant visit to a registered LoC, the vendor subscriber may earn scores or maintain their 100% compliance status. Non-compliant practices, for example, failure to check out after a registered LoC visit, will be recorded as negative events, in which case a vendor subscriber's compliance score will be deducted according to the severity of the non-compliance.
- **Proxy:** A vendor subscriber can authorize proxy accounts to upload information, make payments and manage other functions on their behalf so that such authorized persons, which may be human resource or other administrative staff of the vendor subscribers' employers, may assist vendor subscribers with credentialing tasks. Therefore, vendor subscribers can delegate certain credentialing procedures to authorized proxies, which further increases efficiency in the credentialing experience and frees up the vendor subscribers' time for their business activities.
- **Online Training:** As of the Latest Practicable Date, paying vendor subscribers had unlimited access to 20 online training courses, through which they can obtain training certificates for credentialing purposes. We initially released our online training as an add-on service in 2013 to assist vendor subscribers' compliance with the training requirements of the registered LoCs. The online training courses will cover areas such as infection control, blood borne pathogen safety, chemical hazards, fire safety and HIPAA related areas. Prior to January 1, 2018, we offered one-year unlimited access to online training as an add-on service separately for US\$55. In 2015, 2016 and 2017, we received 18,861, 22,636 and 27,155 subscriptions of our online training service, respectively. Online training was included as a package in our membership subscription priced starting from US\$284. From January 1, 2018, we simplified our membership systems and all paying vendor subscribers were given unlimited access to our online training courses during the term of their membership. See “— Pricing and Payment — Pricing” for details.

Credentialing Workflow

We have carefully designed our workflow, so that our system and team can process and verify subscriber credentials in a reliable and efficient manner. The following chart illustrates the workflow of vendor credentialing through our platform:



The first section in the credentialing cycle is for the vendor subscriber to establish its qualification with the registered LoC and obtain approval to access certain restricted areas at such LoC.

- Document Submission:** A vendor subscriber uploads documents relating to his/her credentials such as profile photos, proof of employment, criminal background check reports, vaccination records, training certificates and liability insurance policies, among other things, attesting to their truthfulness and accuracy each time. If the subscriber purchased one or more of our add-on services, corresponding documents including criminal background check reports, vaccination records, training certificates and liability insurance policies will be directly uploaded by the third-party suppliers onto our platform. Therefore, the subscriber can save the time in uploading and managing documents on his/her own. See “— Add-On Services” below for details. The documents required are based on the union of requirements for all LoCs and vary depending on the type of vendor representatives (such as whether they require access to operation rooms). Credentialing documents can be uploaded by the vendor subscribers one at a time or in

bulk through their account using computers or one at a time through their account on the mobile app. Authorized proxies such as employers of the vendor subscribers can upload credentialing documents on behalf of the vendor subscribers.

- **Verification:** The submitted documents are placed into a queue for our team to review and verify in a first-in-first-out order. Each credential has a documented standard as to what our team will verify against. The verification is based on self-attestation of the vendor subscriber as to truthfulness and accuracy of the submitted information. Our team performs a “prima facie” check by matching the attributes, such as the vendor subscriber’s identity, time and subject, of the document to the corresponding credentialing requirements. For example, in verification of certificates of vaccinations, our team accepts the file only if it legibly indicates that the vendor subscriber has taken the required type of vaccine on a date within the required time. Nevertheless, failure to detect or prevent fraudulent information provided by vendor subscribers could subject us to liability claims from LoCs affected by such fraudulent information to the extent it involves our acts or omissions. See “Risk Factors — Risks Relating to Our Business — We may not be able to effectively detect or prevent fraud or other misconduct committed by our subscribers or third parties in our verification process. Any such failure could damage our reputation and adversely affect our business, financial condition, results of operations and prospects.”
- **Processing:** If the document meets the standard, our team enters the document attributes into our system, which become part of the relevant vendor subscribers’ profiles. If the document fails, our team updates the vendor subscribers’ compliance status in the system, which will generate a reminder for the vendor subscriber to re-submit the required document. Each failure will result in generation of a standardized email detailing the nature of the failure and how the vendor subscriber can address. If any of the documents previously submitted no longer meets credentialing requirements, for instance, expiration of a vaccination record, our system will update the compliance status and notify the vendor subscriber to provide a replacement or update. Our quality control team routinely spot check consistency between the documents uploaded onto our platform by a vendor subscriber or third-party suppliers (in the case where the vendor subscriber has purchased certain add-on services) and their digital attributes entered into the relevant vendor subscriber’s profile by our team. During the Track Record Period, we maintained an error rate of approximately 5.1%.
- **Auto Privileging:** Each time a document has been verified by us, the vendor subscriber’s profile is updated, and the updated profile is made available on the registered LoC’s dashboard. Once all documents required to satisfy a registered LoC’s policy are uploaded and verified and the vendor subscriber profile updated, the vendor subscriber will be automatically granted access to the registered LoC and the specific area as desired. If the vendor subscriber attempts to visit the facility prior to processing being completed, he or she will be denied entry.

The second section of the workflow is overseeing the physical presence of a vendor subscriber at the registered LoC.

- **Kiosk Setting:** If a vendor subscriber is granted access privilege by satisfying the credentialing requirements of a registered LoC, our system updates the access setting so that the vendor subscriber will be able to request a badge to be printed at the check-in kiosk at the relevant LoC.
- **Check-In and Badge Printing:** Upon arrival at the premises of a registered LoC, a vendor subscriber can check in to our platform, either on the website with the computer provided at the kiosk, or where mobile check in has been activated by the registered LoC, via our mobile app. On check in, the vendor subscriber is required to input certain information, including how long and with whom he/she intends to meet. Upon receiving the check-in request, our platform verifies the vendor subscriber's account information against our record and upon verification that the credentialing requirements have been met, confirms that check-in is successful and the vendor subscriber can then request an access badge to be printed from the badge printers at the registered LoC.
- **Location-Based Check-In/Out:** The location-based check-in/out function is our "geo fencing" capability, and relies on availability of information on the physical location of the vendor subscribers. For this purpose, our mobile app requests all vendor subscribers to authorize its access to their GPS location information at all times. Generally, where location-based check-in/check-out function is activated by the registered LoCs, vendor subscribers can initiate the check-in process only when they enter the designated radius to the registered LoCs. After vendor subscribers complete their visit of registered LoCs, they must check out when leaving. When their GPS location is detected to be outside the "geo fence", our app will remind them to check-out or execute a forced check-out.
- **Activity Monitoring:** Our platform generates a score that reflects overall compliance performance of a vendor subscriber, an incentive mechanism to maintain compliance which adds points for compliant practices (where the vendor subscriber is not already recorded as being 100% compliant) and deducts points for non-compliant practices. Negative events or low compliance scores may lead to a reconsideration of the credentialing decision. We believe such reminders may alert vendor subscribers to remedy their misconduct and improve compliant performance in the future.

We regard stable technology infrastructure and operational efficiency as the foundation of superior user experience and user engagement. As such, we have increased efforts in training our processing team and customer services team, and will continue to optimize our workflow and internal processes.

Medical Credentialing Solution

We launched our medical credentialing solution in March 2018 and are actively expanding this new solution as we view significant potential in this market. First, the number of medical staff is at least 15 times larger than the number of vendor representatives in the United States, according to

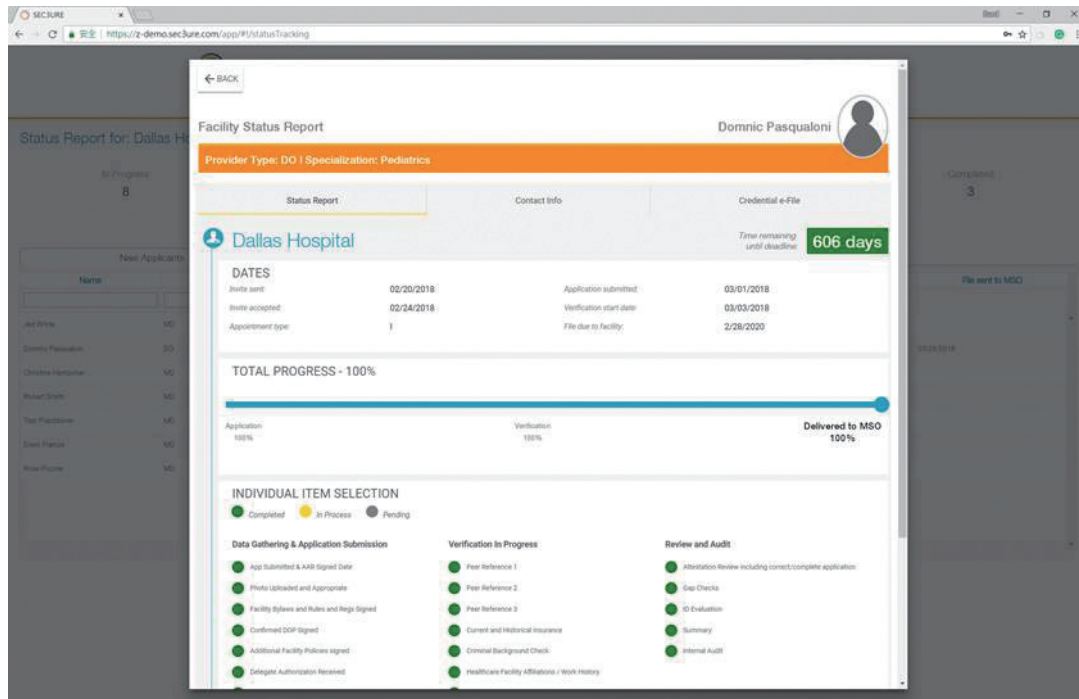
CIC. Further, all medical professionals must be credentialed in order to practice at an LoC. However, a majority of LoCs in the United States do not utilize medical credentialing provided by third-party service providers according to CIC, as demonstrated by a low penetration rate of medical credentialing service of 40% as of December 31, 2017.

Our medical credentialing solution connects the medical staff office, human resource department or other relevant departments of LoCs with different categories of medical staff. In jurisdictions where we operate, including the United States, the United Kingdom and Canada, medical staff are subject to a broad spectrum of licensing requirements and LoCs will perform medical credentialing in various circumstances to ensure, among other things, the medical professionals providing services in the LoCs are properly qualified according to their policies. See “Regulations” for details. Therefore, medical credentialing is the process of verifying the education, training, work experience, certification, and other professional qualifications of medical staff with typical documents required for verification including licenses, pharmaceutical registrations, occupational certifications, affiliation to professional associations, proof of insurance, and documents related to academic background, training, specialty and work history. After credentials have been verified, the medical staff will be granted privileges to perform patient care services at the LoC. Similar to the complexities with credentialing of vendor representatives, LoCs and medical staff are required to go through a sophisticated process to reach a determination of whether or not the medical staff is qualified to perform the duties being considered at the LoC. Moreover, the privileges granted by each LoC are generally subject to renewal. The credentialing cycle of medical staff varies depending on the nature of the healthcare services provided by the medical staff between two to three years. Before the expiration of each cycle, the medical staff must go through the same credentialing process, but some static credentials, such as education, are not verified once again unless there have been updates/changes.

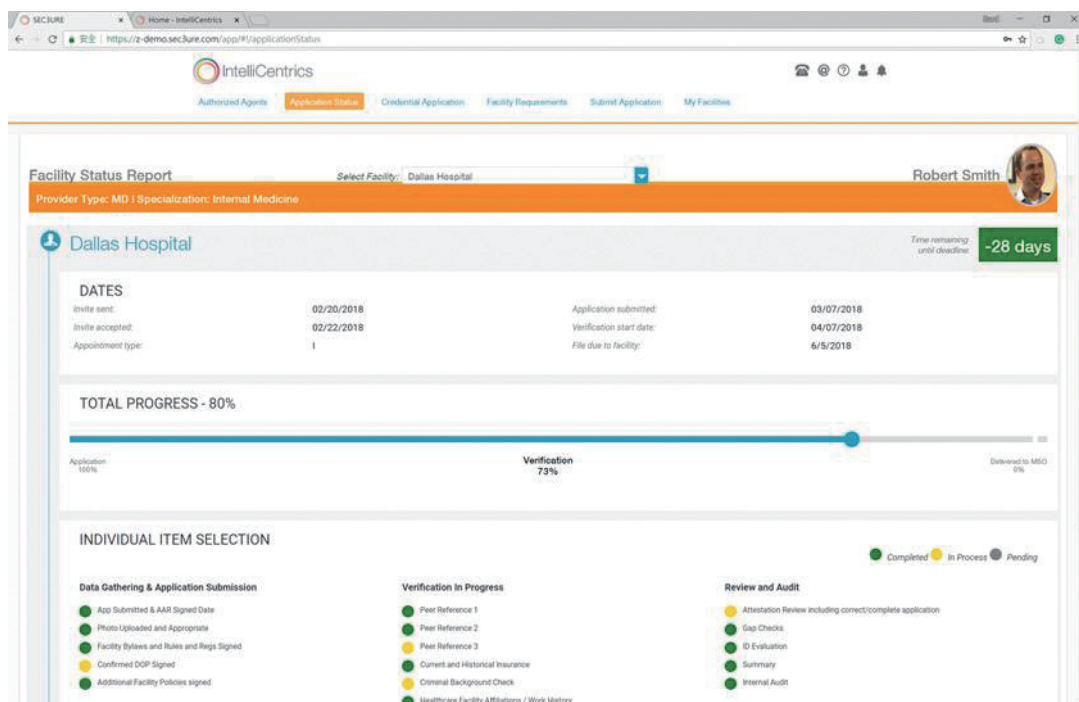
If credentialing medical staff in-house, LoCs bear various costs on their own accounts, which include management, administration, labor, software and third-party fees. In contrast, registered LoCs use our medical credentialing solution for free. Medical staff, including doctors, nurses, technicians and clinical contractors (including clinical specialists, neurophysiologists, registered nurses, respiratory therapists, neuromonitors, surgical technicians and intraoperative monitoring technicians), subscribe to our medical credentialing solution with our annual membership at the same price as the vendor credentialing solution. Also, the current system for credentialing is primarily paper-based. With increased pressure on LoCs to lower costs, save time and increase efficiency, we believe our medical credentialing solution is able to attract increasing market demand.

Since our medical credentialing solution was only launched in March 2018, we generated revenue of approximately US\$72,000 from this solution in the several months ended October 31, 2018. As of October 31, 2018 and January 31, 2019, we had 753 and 1,248 paying subscribers of our medical credentialing solution in the United States, respectively. As of January 31, 2019, 834 LoCs had adopted our medical credentialing solution. We will continue cross-selling our medical credentialing solution to the registered LoCs and use marketing strategies such as industry journal advertising, industry conferences and sales calls to generate growth of additional LoCs for all forms of credentialing. See “— Sales and Marketing” for details.

Similar to our vendor credentialing solution, we provide two interfaces to LoCs and medical staff subscribers for our medical credentialing solution. LoCs can manage all features in the credentialing cycle from the LoC's perspective on their interface as shown below:



The following picture illustrates the interface for medical staff to manage their credentialing documents and process:



The process of medical credentialing is largely similar to that of vendor credentialing, except that our verification involves an additional “primary source verification” step, instead of relying on self-attestation. Furthermore, due to the nature of the duties to be performed by medical staff, they are not subject to access oversight as may be applicable to vendor representatives. As such, primary source verification is the core and major portion of our work in the medical credentialing process. The following illustrates the workflow of credentialing medical staff:

- ***Application:*** The credentialing process initiates from the creation of a profile on our platform, and submission of the required information from the medical staff applicant to start the verification process.
- ***Primary Source Verification:*** Though it is always the responsibility of the applicant to be truthful throughout the application process and submit documents which are not falsified, we will take an additional step to verify the accuracy and truthfulness of certain submitted information by conducting primary source verification. Primary source verification is the act of obtaining information, in particular relating to licensing and professional experience, directly from the source that issued the credentials or a secondary source that has been given the right to verify that information. Performing primary source verification involves risks which may subject us to liability claims brought by LoCs affected by fraudulent information provided by medical staff subscribers to the extent it involves our acts or omissions. See “Risk Factors — Risks Relating to Our Business — We may not be able to effectively detect or prevent fraud or other misconduct committed by our subscribers or third parties in our verification process. Any such failure could damage our reputation and adversely affect our business, financial condition, results of operations and prospects.” Furthermore, this is the most time-consuming part of the medical credentialing cycle as it relies on response from third parties. In some circumstances, we have to try multiple means to verify a document from various primary or secondary sources. However, we have guaranteed the processing time of the steps which are within our control to one day. For example, our processing team will reach out to universities and medical schools within one day after the certificate of education is submitted to request for proofs of the degrees or other qualification in order to verify the education of an applicant.
- ***Decision-Making:*** Upon completion of the verification process, we generate a report of all credentialing documents of a medical staff subscriber, which becomes available to the LoC being applied to. The LoC then starts the decision-making process, as applicable to the relevant LoC. If the application is approved, the medical staff will be granted privileges to work at the LoC.
- ***Re-application:*** The contracts between medical staff and LoCs are subject to renewal and termination, so medical staff will need to go through the credentialing process with LoCs on an on-going basis. Leveraging our established verification process and cloud-based database, we believe these re-applicants will be able to save a portion of the time and workload and accelerate the re-application process, because certain historical information which remains unchanged, including proofs of their education, training, work

experience and board record, is retained on our platform. As a result, our solution will accelerate substantially their re-application process because they only need to submit updated documentation for us to verify and process in the incoming credentialing cycle.

Pilot Entity Credentialing Solution

Entities which do business with LoCs, in particular pharmaceutical companies, medical device companies, distributors of these pharmaceutical and medical device companies, and other healthcare suppliers, are subject to credentialing requirements in a similar way as the individual representatives of these entities. LoCs formulate various internal policies in compliance with healthcare industry regulations to screen the entities' legal, financial, tax and professional status and compliance with anti-money laundering laws and sanction laws, among others. For example, the Office of Inspector General of HHS requires LoCs to check the identity of the persons with whom they are doing business with and exclude risky persons. As such, LoCs need to ascertain certain information on their business counterparties, from the basic trading information, to credentials such as Tax IDs, company registrations, insurance documentation and disclosures of ownership. They also need to monitor the status of their suppliers to ensure that they are compliant and cleared for doing business with. As there are more than 20,000 entities in the United States according to CIC, we expect the entity credentialing market to have significant growth potential. Therefore, we are in the process of developing our entity credentialing solution to facilitate the compliance and management of business counterparties of LoCs. A beta version began operation in May 2018 and we plan to formally roll out this solution in 2019 to all of the LoCs on our platform using a combination of marketing and sales efforts. We currently do not charge any fee for users of this pilot program. With convenience and cost savings delivered to the LoCs and these entities, we believe our entity credentialing solution is able to capture this market demand.

Our pilot entity credentialing solution provides two interfaces to LoCs on the one side and the entities on the other. LoCs can manage requirements by selection of a set of pre-determined requirements, which will then appear in the entities' interface and instruct the entities to upload relevant documents of proof. LoCs can also check the compliance status of the entities in the process of credentialing.

Each entity subscriber can create a profile and then upload documents in the requirement list formulated by the LoCs that it intends to transact with. Similar to our vendor credentialing solution, our team performs a "prima facie" check by matching the attributes of the document to the corresponding credentialing requirement. If all credentialing documents pass our verification, the entities will be granted the privileges to transact with the LoC.

Add-On Services

We currently offer add-on services including radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check, general & professional liability insurance referral to help our subscribers maintain verified status in a time- and cost-efficient manner.

Historically, we offered online training as an add-on service. See “— Credentialing Solutions — Vendor Credentialing Solution — Vendor Subscribers” for details. This add-on service was integrated to our annual membership package since January 1, 2018. See “— Pricing and Payment — Pricing” for details.

Radiation Exposure Monitoring

The risks of excess radiation exposure can lead to a variety of health issues. As a part of their safety policies, LoCs may monitor individuals, including our vendor subscribers and medical staff subscribers, who may potentially be exposed to work-related radiation through exposure to X-ray equipment or who enter parts of an LoC where radioactive materials are used. Monitoring allows the tracking of individual dosage to determine the risks from any exposure received over time. We launched our radiation exposure monitoring service in association with a company engaged in the manufacture and analysis of instrument and devices to measure occupational exposure to radiation in August 2016.

LoCs can opt in to our radiation exposure monitoring service. In such case, radiation exposure monitoring becomes a credentialing requirement for a portion of subscribers who work in an environment with risks of radiation exposure. The universal price for radiation exposure monitoring service is US\$199 for a year. Subscribers who purchase our radiation exposure monitoring service are sent a package, which includes two dosimeters, one to be worn by the subscribers for measuring radiation exposure, and one to be kept but not intended to be worn, as a control dosimeter. The dosimeters are returned for processing and radiation exposure analysis by the subscribers every three months or more often upon request via a pre-paid postage exchange service which is included in the purchase. The exposure profiles of the subscribers are updated automatically onto subscriber profiles within 15 business days from the receipt of the returned dosimeters. Upon specific verbal or written notice and request, we provide an additional fetal monitor dosimeter on a monthly rotation to staff subscribers who are pregnant. We also notify via email our subscribers whose dosimeter readings indicate that they have reached exposure levels of more than 10% of the annual regulatory limits for occupational radiation exposure specified by the U.S. Nuclear Regulatory Commission. Subscribers who receive such notification will need to take necessary precaution measures, or they may be denied the access to certain LoCs.

Our radiation exposure monitoring service focuses on providing maximum convenience to our subscribers. Once a subscriber returns the dosimeter, no additional work is required on his or her end. The dosimeter report will be displayed in the subscriber’s dashboard once available. A subscriber may also achieve compliance for radiation monitoring by submitting an attestation letter confirming he or she is being monitored by the vendor company where he or she is employed.

As of December 31, 2016 and 2017 and October 31, 2018, we had 46, 3,610 and 5,688 subscribers using our radiation exposure monitoring service, respectively. In 2016, 2017 and the ten months ended October 31, 2017 and 2018, we recognized revenue of US\$5,822, US\$230,851, US\$125,462 and US\$548,907, respectively.

Immunizations and Vaccinations

LoCs generally require vaccination reports or antibody test results of our subscribers as proof of their immunization status. We teamed up with CVS MinuteClinic in July 2017 to offer vaccination services to our subscribers. Furthermore, we launched our drug and antibody testing service in February 2017 in partnership with a medical testing administrator. Our service allows vaccination records and test results to be transmitted onto our platform without further action of the subscribers after they have taken the vaccinations and tests (as the case may be), and could therefore eliminate the traditional paper-based and more time-consuming process of form filling, data-entry, and collection of results by the subscribers. Accordingly, they are able to comply with LoC more quickly. According to CIC, we are the only credentialing platform for compliance and security purposes in the healthcare industry in the United States to offer testing services for both drug and antibodies as part of the platform as of June 30, 2018. In 2017 and ten months ended October 31, 2017 and 2018, our revenue from immunizations and vaccinations (including drug and antibody testing) amounted to US\$134,881, US\$97,072 and US\$232,410 respectively.

Vaccinations

Our subscribers can purchase vouchers on our platform, which they take to an outlet of CVS MinuteClinic as proof of payment. They can schedule an appointment online or walk in for the desired vaccines, and their vaccination records will be automatically uploaded onto their profiles without further action from the subscribers. As of October 31, 2018, CVS MinuteClinic made more than 1,100 medical clinics available to our subscribers with six vaccine options, including MMR (measles, mumps, and rubella) vaccine, Hepatitis B vaccine, Tdap (tetanus, diphtheria, pertussis) vaccine, TD (tetanus and diphtheria) vaccine, Quadrivalent Seasonal Flu vaccine and High-Dose Seasonal Flu vaccine for subscribers of 65 years or older.

In 2017 and the ten months ended October 31, 2018, we sold 225 and 742 vouchers for vaccinations.

Drug and Antibody Testing

A drug and antibody test measures the existence of certain drugs and the presence and levels of certain antibodies in the blood. In cases where subscribers have direct contact with patients or handle materials that could spread infection, LoCs generally require the subscribers' antibody status to certain contagious biological agents, including the Hepatitis B virus and Varicella Zoster virus, to be verified. Further, an LoC may require a subscriber to demonstrate that they are clear of commonly abused substances.

As of the Latest Practicable Date, we had six drug and antibody test options for our subscribers, including the 5-Panel Drug Screen, 10-Panel Drug Screen, and titer tests for Hepatitis B Antibody, Tuberculosis, MMR (measles-mumps-rubella) and Varicella. When a subscriber purchases a drug and antibody test on our platform, he or she will be redirected automatically to our partner's website to submit required information and to schedule a time for samples to be taken at any of our partner's designated sites.

In 2017 and the ten months ended October 31, 2017 and 2018, we transferred 1,534, 1,145 and 2,178 orders of drug and antibody tests under this drug and antibody testing service.

Criminal Background Check

Criminal background check is a common credentialing requirement because LoCs are responsible for the safety of persons on their premises, and require oversight that persons to whom they have granted access privileges and who may be permitted to enter restricted areas are safe to work with. We integrated a criminal background check service with our platform by partnering with a pre-employment and criminal background check company.

Our criminal background check service is customized to the screening criteria relevant to the subscribers' roles. Once a subscriber is screened, his or her profile is updated with a downloadable Certificate of Completion that can be made available to all applicable LoCs.

In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, we had 6,639, 5,892, 3,889, 3,387 and 3,847 orders for our criminal background check service, respectively, which generated revenue of US\$256,503, US\$226,980, US\$149,604, US\$130,299 and US\$148,222 in the respective periods.

General & Professional Liability Insurance Referral

The healthcare industry generally involves a high level of legal risks, which may lead to severe financial consequences. Accordingly, LoCs generally require our vendor subscribers to demonstrate that they have liability insurance coverage at the appropriate levels set by the LoCs. Since 2010, we collaborated with Medical Sales Advocates ("MSA"), which is a professional community dedicated to vendor representatives providing a referral channel for obtaining insurance coverage. Through this add-on service, all of our vendor subscribers have access to the group policy that combines general and professional liability insurance so that our vendor subscribers can satisfy their liability insurance credentialing requirements. While we do not sell liability insurance on our own, our vendor subscribers are re-directed to the relevant webpage of MSA to purchase its policy through a link on our platform. Although the liability insurance is also available in the market, same as our other add-on services, by purchasing through our platform, subscribers can save the time and effort usually needed in collecting and submitting the proof of insurance coverage for credentialing.

Due to the renewal cycle of the liability insurance, substantially all of our revenue from this add-on service were generated in the second half of a year. In 2015, 2016 and 2017, we referred 642, 582 and 675 vendor subscribers to take out liability insurance policies from our partner, respectively. We generated referral revenue of US\$16,050, US\$14,550 and US\$16,875, respectively, from this service in the same periods.

BUSINESS

OUR PIPELINE SOLUTIONS

In order to further monetize on our platform, we conduct research and development initiatives for new solutions and services from time to time to improve the user experience of our subscribers and diversify our revenue streams. The following table set forth certain information of our major pipeline solutions as of the Latest Practicable Date:

<u>Pipeline Solutions</u>	<u>Description</u>	<u>Research & Development Start Time</u>	<u>Target Launch Time</u>	<u>Planned Revenue Model</u>
Entity Credentialing . . .	See “— Our Solutions and Add-On Services — Credentialing Solutions — Pilot Entity Credentialing Solution.”	September 2017	2019	Annual subscription per subscriber
Master Scheduling . . .	A service designed to eliminate the waste of time and money that would have expended to schedule medical staff at an LoC	March 2018	2019	Annual subscription per subscriber
E-Badge	A real time active credentialing wearable that allows subscribers to avoid standing in line to check in at an LoC	April 2018	2019	Annual subscription per device per subscriber
Referral and Recruitment	In-app communications between subscribers and LoCs that saves time and costs associated with physician referral and recruitment. ⁽¹⁾	December 2017	2019	Annual subscription per subscriber

Note:

- (1) Medical doctors are frequently asked to provide peer reviews of the work of other medical doctors, either as a part of the credentialing requirements for the reviewee to be permitted to practice at an LoC, or a stand-alone request of an LoC for verification purpose. The communication of the request and submission of a peer review is generally time-consuming. This solution aims to streamline the process, allowing the reviewer to quickly transmit a review to the LoC via the mobile app.

SALES AND MARKETING

To build a larger and mutually-influenced subscriber community on our platform, our sales and marketing strategies are focused on increasing the number of LoCs using our platform, adding new services to our over 10,000 registered LoCs, generating new paying subscribers, and introducing new products and add-on services to serve our subscribers.

We have an in-house sales and marketing team which focus on growing the number of registered LoCs, increasing the number of services utilized within LoCs and growing paying subscriber base and add-on services. We leverage our relationships with our over 10,000 registered LoCs currently using our vendor credentialing solution to cross sell our medical credentialing solution.

Our Branding and Advertising Programs

In order to drive awareness of our platform and services, our sales efforts are supported by targeted activities such as participation in trade shows at association meetings of doctors, nurses, LoC administrators and other types of medical practitioners. These activities are designed to introduce our platform to decision makers and a substantial number of medical staff subscribers who will in turn enhance our brand awareness to the LoCs that they are working with or intend to work with. We have identified several industry events and sponsorship opportunities such as hospital leadership association meetings, physician and nursing conferences, and hospital human resource conferences. We will utilize these events to create awareness of our brand and our platform to new audiences, in particular medical staff.

In addition, we have created marketing programs such as the “5 Rings Award” Program, which is a loyalty and recognition program to promote the most vigilant LoCs currently adopting our solution. Each year we select up to five LoCs as winners of the “5 Ring Award” based on their adoption of best practices in security requirements for vendors and staff. By recognizing and rewarding organizations which have created a culture of vigilance and awareness throughout the supply chain team and vendor population, we aim to highlight the importance of creating a safe environment for patients and staff in locations of care. The criteria for the “5 Rings Award” is based on scores across different categories, including, safety, education, communication, compliance, consistency, understanding, results and engagement and how they have demonstrated to us that they have created a safe environment using our services and platform. The results are announced on our website and broadcast to all LoCs using our platform and this way, the LoCs will know that we pay attention to our users. Through these programs, we can enhance our brand awareness and corporate image in the geographical regions where the winning hospitals are located, allowing for additional marketing opportunities to provide our services to more LoCs. When an LoC signs up for a service, we provide materials and tools that support them in driving adoption of subscribers that are attached to their location.

Once we acquire a paying subscriber, through a variety of marketing communications within and outside our platforms we promote new solutions and the sales of add-on services that are designed to save time and money associated with being compliant. We continue to build our add-on service offerings to package with our credentialing solutions and embed offerings through the subscriber experience on the platform.

Using mass marketing strategies, we increase brand awareness of our brand “IntelliCentrics” in certain geographic regions, where we seek to capture larger market share. Further, to generate interest in our platform with new LoCs, drive adoption of new services within registered LoCs, and introducing new product offerings, we plan to conduct roll-out shows for our potential customers in

targeted geographic markets. With our recently launched medical credentialing solution, four of our pipeline solutions scheduled to launch in the first half of 2019 and continued market research to find new product opportunities, we intend to invest in the relevant new product introduction marketing and roll-out shows, market research and marketing automation, which is a form of artificial intelligence applied in marketing. For example, it can increase our efficiency in formulating marketing strategies based on the profiles of various types of users developed and analyzed by artificial intelligence. Additionally, it can enhance our data analytics on potential subscribers, such as visitors to our website, and improve our targeted advertising. We believe the implementation of marketing automation in our business will enable low cost, effective marketing at scale. For example, we believe that deploying marketing automation with highly targeted messaging can shorten the sales cycle and increase customer conversion rates.

Additionally, we intend to establish a panel of key opinion leaders (“KOLs”), or market influencers. This KOL panel will consist of (i) physicians and other healthcare service providers, leaders of physician associations or those who have served in leadership roles in similar organizations who are willing to be early adopters of technology and have embraced technology to improve the experience of healthcare services; (ii) experienced consultants and advisors in business management and strategies; and (iii) senior technology officers in companies operating technology platforms similar to ours. We intend to organize and invite these KOLs to panel discussions, speaking engagements, providing testimonials as early adopters or reviewing testimonials from early adopters, and speaking at roll-out shows in regional markets, among others. Through these activities, we expect their ideas and insights will be leveraged in early adoption of new features, future innovations, and advocacy for use of our platform.

Our Incentive Programs

We intend to roll out certain incentive programs for subscribers in the next few years. We are in the process of designing tailored offers in the form of membership benefits to different categories of our paying subscribers to both our vendor and medical credentialing solutions, in particular high-value subscribers with intention to utilize multiple solutions and add-on services on our platform. For example, offering an add-on service as a part of their annual membership package to attract uses of add-on services.

Our Sales and Marketing Team

As of October 31, 2018, our internal sales and marketing team comprised 13 people. It is our intention to increase the investment in the sales and marketing team along with the promotional activities to effectively support our growth plans. See “Future Plans and Use of Proceeds — Use of Proceeds.” Our sales and marketing team is led by, Ms. Nimisha Savani, our Chief Marketing Officer, who is responsible for market strategy, sales, corporate branding and overall marketing operations. Our Chief Marketing Officer has more than 20 years of sales- and marketing-related experience. See “Directors and Senior Management — Our Senior Management.”

We plan to augment our existing team, by recruiting approximately 30 marketing and sales professionals focused on new product introductions and growth of our medical credentialing solution, which is intended to address a potential market that is at least 15 times larger than vendor

credentialing, and is more complex in terms of relationships with LoCs, paying subscribers and other stakeholders. We believe that building a highly skilled marketing team adept at conducting product marketing, new product introduction and generating subscriber demand and adoption is critical to our success.

We plan to progressively fill the head counts of our sales and marketing team by the end of 2019, subject to appropriate adjustments based on continuing assessment of the market conditions. The additional sales and marketing force is expected to comprise: (a) approximately five team leaders responsible for different aspects of the marketing and sales such as business development, product and segment marketing, demand generation, brand marketing and sales; and (b) approximately 25 marketing and sales staff covering different functional expertise such as new product introduction, digital marketing and marketing analytics, or subject matter expertise for relevant customer stakeholders such as medical staff, vendor representatives and LoCs. Depending on the roles, the candidates will need to have a degree in healthcare, business, marketing or technical related fields, possess relevant work experience ranging from three to ten years and demonstrate they are highly skilled in their specific area of functional expertise.

The expansion of our sales and marketing team is consistent with our current expenditure plans and is critical to support our planned development and growth of new solutions including medical credentialing.

BUSINESS PLAN OF OUR JOINT VENTURE IN CHINA

The healthcare credentialing market in China is largely unaddressed but has huge growth potential driven by rising public awareness for a healthier and safer healthcare service delivery environment and evolving government regulations. The market size for healthcare credentialing in China is expected to grow from US\$3.5 million in 2018 to US\$29.1 million in 2022 at a CAGR of 69.3%, according to CIC. To tap into the large market in China, in May 2018, we formed a joint venture, Sciencare Technology, planning to provide credentialing services to vendors and medical staff. Sciencare Technology is a joint venture owned by IntelliCentrics HK as to 40.0% and by Mr. Li Zheng as to 60.0%. Mr. Li Zheng is an ex-senior manager of Baidu's healthcare unit. Pursuant to a joint venture contract (the "China Joint Venture Contract") entered into between IntelliCentrics HK and Mr. Li Zheng on May 16, 2018 and the capital increase agreement, as supplemented, entered into among Mr. Li Zheng, IntelliCentrics HK and Sciencare Technology, IntelliCentrics HK and Mr. Li Zheng form a joint venture, Sciencare Technology, with a registered capital of US\$2.5 million and a total investment amount of US\$5.0 million, contributed by the two shareholders on proportion to their equity interests. Other major terms and conditions include;

- Sciencare Technology's business shall be collection and consolidation of doctors' credentials, establishment of a verified information database and provision of information services to patients through the Internet;
- The number of directors in the board of Sciencare Technology shall be three. Mr. Li Zheng and IntelliCentrics HK shall have the right to appoint two directors and one director, respectively. The chairman of the board shall be served by the director

nominated by Mr. Li Zheng and the vice chairman of the board shall be served by the director nominated by IntelliCentrics HK. Other than the reserved matters as set out in the China Joint Venture Contract, the board shall resolve matters with a simple majority;

- Certain reserved matters, including amendment of articles, merger, sub-division, restructuring, winding-up, dissolution or other event involving a change of control of the joint venture, disposal of material business/assets of the joint venture, alteration of its registered capital or capital structure, change of its board composition, approval of its annual business plan and financial budget, appointment and removal of its senior management, to the extent they are not required to be approved by all shareholders under the applicable PRC law and the provisions of the China Joint Venture Contract, shall be approved by two thirds of the directors present at the board meeting with the affirmative vote of at least one director appointed by IntelliCentrics HK;
- During the first three years commencing from the establishment date of the joint venture, no shareholder of Sciencare Technology shall be permitted to directly or indirectly dispose of any of its equity interest in Sciencare Technology to any third party without prior written consent of the other shareholder provided that such restriction shall not prevent a shareholder to transfer its equity interest to its affiliate. After such three-year period, any shareholder is permitted to directly or indirectly transfer all or part of its equity interest in Sciencare Technology in accordance with the provisions of the China Joint Venture Contract. In the event that a shareholder of Sciencare Technology proposes to transfer its equity interest in Sciencare Technology, the other shareholder of Sciencare Technology shall have a right of first refusal and tag along rights;
- Any shareholder is entitle to terminate the China Joint Venture Contract in any of the following circumstances (i) the other shareholder is in material breach of its representations, warranties, undertakings or other obligations under the China Joint Venture Contract or other transaction agreement, and the breach has a material adverse effect on the fundamental business purpose of the joint venture; (ii) the other shareholder is liquidated or becomes insolvent, or its assets or a significant portion of its assets are confiscated or enforced by a receiver or an administrator and are not released within 60 days; (iii) there is a change of control of the other shareholder; (iv) occurrence of a force majeure event which lasts more than 180 days and has a material adverse effect on the joint venture; (v) changes of the applicable laws which, despite of the efforts of both parties to minimize the impact, have a material adverse effect on the interests of the joint venture or the party or the transactions contemplated under the China Joint Venture Contract or any other transaction agreement; (vi) the joint venture fails to obtain or maintain any regulatory approval, authorization, license, registration or filing required for its business or its performance of any other transaction agreement, and fails to remedy such failure within 180 days or such other time period as agreed by the parties; and

- The shareholders of Sciencare Technology shall procure Sciencare Technology to distribute, in proportion to their equity interests in Sciencare Technology, such amount of profits by way of dividend as the board of Sciencare Technology may decide from time to time.

To implement our China strategy, as the first step, we entered into a licensing agreement (the “Licensing Agreement”) with Sciencare Technology, for licensing software and intellectual properties relating to our platform for credentialing services, pursuant to which we expect to receive royalties from Sciencare Technology based on a percentage of its sales revenue. Sciencare Technology currently intends to leverage our technology, experience and reputation in the credentialing market in the United States, the United Kingdom and Canada to introduce our credentialing services into China, and has identified the following implementation plans:

- As the first step, Sciencare Technology has entered into and plans to continue to enter into memoranda of understanding and cooperation agreements with healthcare regulators as well as LoCs in China to provide credentialing services through our platform with certain modification and localization to the LoCs, medical professionals, medical vendors and vendor representatives.
- Once a meaningful database of verified credentials of doctors and other medical professionals is established, Sciencare Technology intends to then launch an App-based platform to allow patient users to access this verified database of doctor credentials, to make informed decisions on where to purchase or receive healthcare services based on trusted, verified information.

To roll out its business in China, Sciencare Technology intends to first target Internet-based hospitals (互聯網醫院) (namely, online platforms enabling healthcare institutions and medical professionals to provide healthcare services) that are specialized in certain clinical departments as their strategic focus. Internet-based hospitals in China have a few features that make them suitable for adoption of our technology platform. First, Internet-based hospitals offer healthcare services remotely through online platforms. Therefore, the credentials of doctors must be transmitted, processed and monitored to ensure compliance electronically, and sometimes made available to patients through online platforms. As such, we believe there is a particularly large demand for verified credentials of doctors of these clinical departments on Internet-based healthcare service providers, and accordingly, related services of credentialing such doctors through an Internet-based technology platform will be in high demand. Furthermore, we believe the market of Internet-based hospitals are less fragmented than that of traditional hospitals, making it possible to capture a meaningful market share and then achieve economy of scale and network effect for further growth of service providers like Sciencare Technology. Sciencare Technology entered into cooperation agreements with Shanghai Chuangxian Network Technology Co., Ltd. (上海創賢網路科技有限公司), an operator of an online surgery hospital network branded Mingyizhudao (名醫主刀), with which over 1,000 hospitals and 40,000 medical professionals are associated, as well as Yinchuan Dakang Yijia Nephropathy Internet Hospital Co., Ltd. (銀川達康醫家腎病互聯網醫院有限公司), a nephropathy focused Internet-based hospital that has over 600 medical professionals. Under these cooperation agreements, Sciencare Technology plans to provide credentialing services to the LoCs,

medical professionals, medical vendors and/or vendor representatives associated with these online LoCs. The detailed terms and conditions are to be negotiated and set forth in the definitive agreements to be executed.

OUR CUSTOMERS

Our customers comprised our paying subscribers. As of December 31, 2015, 2016 and 2017 and October 31, 2018, we had 121,152, 121,093, 122,591 and 119,575 paying subscribers in the United States, the country in which a significant portion of our customers are located. In 2015, 2016 and 2017 and the ten months ended October 31, 2018, no single customer contributed more than 1% to our total revenue, and we did not have a concentration risk.

To the knowledge of our Directors, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers for each year of the Track Record Period as of the Latest Practicable Date.

CUSTOMER SERVICE

Providing satisfactory user experience and services has been one of our top priorities. As of October 31, 2018, we had a team comprised of 31 customer service representatives dedicated to providing services to our registered LoCs, vendor subscribers, vendor companies and medical staff subscribers.

Our Customer Support to LoCs

Our Implementation Support team and Host Support Services team cover the service to LoCs at different stages of their business relationship with us. The Implementation Support team works closely with LoCs when our platform is initially installed to provide a positive and engaged user experience. Their service primarily includes live or on-demand training and review of among other things, user accounts, credentialing requirements, policies, and kiosk preferences.

After our Implementation Support Team onboarding a new LoC, our Host Support Services team will manage the incoming calls from the LoC with questions or concerns regarding our platform. We typically help LoCs with questions involving check-in kiosk outage and other problems principally regarding vendor subscribers being unable to check in. We post instruction videos and step-by-step manuals on our LoCs' interface and provide guidance over the phone, which assist LoC personnel to become familiar with our platform and enable them to implement our platform without our support staff having to assist onsite. In addition, our Host Support Services specialists contact LoCs for their feedback on various aspects of user experience with our platform on an ad hoc basis.

Our Customer Service to Subscribers

We have an in-house team of customer service representatives dedicated to resolving various issues for our subscribers arising in the use of our platform. Our customer service covers, among other things, check-in kiosk issues, profile changes, disputes in negative events and deductions in compliance score, payment and renewal of membership, inquiries on credentialing requirements and purchase of add-on services.

Our call center provides telephone support, and we also have a team dedicated to responding to online and email inquiries. We maintain a complaint resolution process that records and responds to our subscribers' complaints in a timely manner, all of which are carefully documented for future improvement.

Our Customer Service to Vendor Companies

The Host Support Services team also provides customer service to administrative staff of the vendor companies of which our vendor subscribers are employees. Their service covers matters such as payment process and introduction to our add-on services, such as our radiation exposure monitoring and immunizations and vaccinations (including drug and antibody testing).

PRICING AND PAYMENT

Pricing

We formulate our fee models based on the nature of the solutions we provide and the dynamics among the parties involved in the triparty relationships facilitated through our technology platform. We adopt a universal fee for the same type of solutions or add-on services, and do not offer discounts or special rates to any customer or customer group.

Vendor Credentialing Solution

We charge our vendor subscribers on an annual basis, and determine the annual fees with reference to value propositions we create and market rates. We currently charge each of our paying vendor subscribers an annual membership fee of US\$287. We used to offer four levels of annual membership depending on whether the vendor subscribers would like to purchase the expedited processing option and/or online training as a package from 2015 to 2017. Specifically:

- ***Premium membership*** (US\$229 per year) included credentialing processing and verification services with four business day turnaround time;
- ***Premium Expedite membership*** (US\$269 per year) included credentialing processing and verification services with the expedited processing option for one business day turnaround time;
- ***Premium Plus membership*** (US\$284 per year) included credentialing processing and verification services with four business day turnaround time and one-year unlimited access to our online training courses; and

- ***Premium Plus Expedite membership*** (US\$304 per year) included credentialing processing and verification services with the expedited processing option for one business day turnaround time and one-year unlimited access to our online training courses.

We review our pricing from time to time. Historically, we raised our annual membership fee twice in 2008 and 2012. From January 1, 2018, we unified our membership system to a universal annual membership fee of US\$287, representing an increase from the blended average annual subscription fee of US\$242.2 in 2017, calculated by the total subscription fees we received for annual membership at all levels, the expedited processing option and online training divided by the total number of subscriptions to annual membership. Such membership offered the same service level as our previous Premium Plus Expedite membership.

Medical Credentialing Solution

As of the Latest Practicable Date, we charged our paying medical staff subscribers an annual membership fee of US\$287, same as that of our vendor credentialing solution.

Add-On Services

We generally charge our subscribers for add-on services on a per-service basis and offer each of the add-on services at a competitive price, which are determined in accordance with the value propositions we can provide and prevailing market rates.

Payment

Our subscribers may pay online at the time they purchase our annual membership and add-on services (as the case may be) using credit card and debit card. We adopt a refund policy for all of our solutions and add-on services which allows for a full refund within 30 days from the payment if there has been no account activity in relation to the service purchased during such 30-day period. We generally do not offer refunds in any other situation. In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, we refunded US\$129,782, US\$145,706, US\$182,443, US\$159,961 and US\$309,579, respectively, for vendor credentialing and medical credentialing annual membership purchases.

BUSINESS

OUR SUPPLIERS

In 2015, 2016, 2017 and the ten months ended October 31, 2018, purchases from our five largest suppliers accounted for approximately 99.9%, 99.4%, 89.6% and 86.3%, respectively, of our total purchases for the same periods. However, in the same periods, the total purchases represented only 3.7%, 3.4%, 4.1% and 5.1% of our revenue, respectively. The following table sets forth certain information of our top five suppliers for the periods indicated:

Rank	Years ended December 31,									Ten months ended October 31,		
	2015			2016			2017			2018		
	Supplier	Amount	% of total purchase	Supplier	Amount	% of total purchase	Supplier	Amount	% of total purchase	Supplier	Amount	% of total purchase
		(in US\$ thousands)			(in US\$ thousands)			(in US\$ thousands)			(in US\$ thousands)	
1	Supplier A ⁽¹⁾	902	81.1	Supplier A	864	81.5	Supplier A	508	39.9	Supplier A	424	29.6
2	Supplier B ⁽²⁾	111	10.0	Supplier B	98	9.2	Supplier G ⁽⁷⁾	396	31.1	Supplier G	423	29.5
3	Supplier C ⁽³⁾	95	8.6	Supplier C	88	8.3	Supplier C	96	7.6	Supplier C	155	10.8
4	Supplier D ⁽⁴⁾	1	0.1	Supplier D	3	0.2	Supplier B	75	5.9	Supplier I ⁽⁹⁾	131	9.1
5	Supplier E ⁽⁵⁾	1	0.1	Supplier F ⁽⁶⁾	3	0.2	Supplier H ⁽⁸⁾	67	5.2	Supplier H	103	7.2

Notes:

- (1) Supplier A primarily engages in online payment processing services. It had 5.3 years of relationship with us as of December 31, 2018.
- (2) Supplier B primarily engages in online background check services. It had 5.7 years of relationship with us as of December 31, 2018.
- (3) Supplier C primarily engages in producing and distributing multi-media healthcare education programs. It had 5.3 years of relationship with us as of December 31, 2018.
- (4) Supplier D primarily provides solutions to improve patient safety and quality of healthcare organizations. It had 4.7 years of relationship with us as of December 31, 2018.
- (5) Supplier E primarily engaged in science and healthcare related information analytics. It had 3.7 years of relationship with us as of December 31, 2018.
- (6) Supplier F is a U.S. federal law enforcement agency, which also provides a database of information for subscription. It had 3.7 years of relationship with us as of December 31, 2018.
- (7) Supplier G is multinational financial services corporation providing credit card and other payment processing services. It had 1.9 years of relationship with us as of December 31, 2018.
- (8) Supplier H primarily engages in medical testing services, background screening and drug solutions. It had 1.9 years of relationship with us as of December 31, 2018.
- (9) Supplier I primarily engages in the invention, manufacturing and analysis of instruments and devices to measure occupational exposure to radiation, and provides related services. It had 2.5 years of relationship with us as of December 31, 2018.

Our five largest suppliers during the Track Record Period included credit card and payment processing companies, and we used their standard services. Our five largest suppliers also included certain suppliers of services in relation to our add-on services. Purchases from credit card and payment processing companies accounted for approximately 81.1%, 81.5%, 70.9% and 59.1%, respectively, in 2015, 2016, 2017 and the ten months ended October 31, 2018, of our total purchases for the same periods. In addition, purchases from our single largest supplier accounted for approximately 81.1%, 81.5%, 39.9% and 29.6%, respectively, of our total purchases in the same periods. We have been working with our five largest suppliers during the Track Record Period for a period ranging from 1.9 to 5.7 years. We pay our five largest suppliers via credit card, wire or check. The credit terms of our five largest suppliers range from immediate payment up to 30 days. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Trade Payables.”

Among our five largest suppliers, purchases from credit card and payment processing companies accounted for approximately 81.1%, 81.5%, 70.9% and 59.1%, respectively, in 2015, 2016, 2017 and the ten months ended October 31, 2018 of our total purchase for the same periods. See “Risk Factors — Risks Relating to Our Business — We have a limited number of key suppliers, and any failure or interruption of the services provided by these suppliers may adversely affected our business and results of operations.” We have the flexibility to choose credit card and payment processing companies to handle the online payments from our subscribers, and there are other providers of similar services in the market. Therefore, we are able to find alternative suppliers for such services if necessary.

To the knowledge of our Directors, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers in 2015, 2016 and 2017 and the ten months ended October 31, 2018 and as of the Latest Practicable Date.

INFORMATION INFRASTRUCTURE AND TECHNOLOGY

The sustainability of our technology platform depends on the stability of our information infrastructure and our technological competence. We plan our technology investment with a go-to-market approach and have adopted a micro-service-based architecture, which allows for resilience of the platform enhancing reusability, replaceability, adaptability and scalability. Resulting from the scale of our business and subscriber engagement, our platform enabled us to obtain valuable data assets, allowing us to apply our technology across our solutions and add-on services, driving us to further develop and optimize our technology infrastructure, features and applications.

Research and Development

As of October 31, 2018, our technology development team comprised 18 and 17 engineering professionals in the United States and the United Kingdom, respectively, with on average 13 years of research and development experience in the Internet and technology industries. They are primarily engaged in building and maintaining our platform and developing solutions and add-on services in our pipeline. See “— Our Pipeline Solutions” for details. When necessary, we engage technology consulting firms for specific projects or certain work steps of our research and development and pay them on a time-and-material basis. We retain all intellectual property rights of

their work products. Our research and development expenses were US\$5.7 million, US\$4.2 million, US\$5.9 million, US\$4.6 million and US\$8.3 million in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively. See “Financial Information — Critical Accounting Policies — Capitalization of Development Expenditures” for our research and development policy and “Financial Information — Results of Operations — Research and Development Expenses” for details of our research and development expenses in our major research and development activities.

Technology Infrastructure

We leverage cloud services provided by internationally recognized service providers as part of our technology infrastructure and open data platforms for storage, and also open source programming languages and software. We focus our research and development resources on key differentiating technologies, while outsourcing all other technologies in need of substantial investments. For example, we host our servers on AWS, an industry leading cloud service provider. We also utilize third-party tools to enhance our user experience. This allows us to provide stable access to our platform and securely retain our users’ information and data, while upgrading our systems with flexibility. In addition, standard technologies are utilized on our mobile applications.

Quality Assurance

In order to maintain stability of our platform, as of October 31, 2018, we had a quality assurance team of six and two engineers in the United States and the United Kingdom, respectively, dedicated to reviewing the quality of code and its performance to the specifications as defined by product management and architects. Our quality assurance team has the ability to stop a release if they consider the quality fails to meet the specifications. We also carefully select tools and services from third parties by measuring their availability, service uptime and data retention and backups. In the meantime, we continuously monitor all systems using AWS tools to ensure all systems are functioning.

Data Protection

We have established a set of internal policies to prevent security breaches and transmission of computer viruses, which is reviewed annually by our Quality Management Committee. As of October 31, 2018, our Quality Management Committee, which includes the Director of IT, Development and Operations, the Vice President of Corporate Development and, Mr. David Edward Taylor, our Chief Operating Officer, who had over 10 years’ experience in the field of healthcare technology. See “Directors and Senior Management — Our Senior Management” for details.

We also configure our network in a manner that isolates our databases from unauthorized access and protects it against cyberattacks. Physical access to our servers is restricted to personnel with an authorized badge with remote network access only available via VPN and authenticated against our active directory service. As cyberattack prevention is a routine daily task, we have internal procedures for defenses against cyberattack and utilize leading software packages for cyberattack prevention, coupled with AWS IAAS Cybersecurity capabilities. Furthermore, we have retained an outside firm who performs regular penetration testing on our network, and reviews our procedures and policies annually.

BUSINESS

In order to comply with data privacy and protection laws, we have established and implemented internal control policies and procedures for access to and maintenance of sensitive information and data monitoring and protection and personal data privacy policies, including identification of what types of information would be subject to enhanced protection. Such sensitive information consists of personally identifiable information, such as name, identity numbers, home address, business address, job title, employer, and other such information required for us in the process of offering credentialing services and add-on services, including the verification of the individual and their employment, their background check, certain medical information such as vaccine, drug test and immunization records in order to verify the individual for satisfaction of credentialing policies of LoCs. Our enhanced protection measures include:

- All data remains in the jurisdiction of origination. We have a policy to store data in the country from which such data was originated, and in some cases where necessary, setting up operations in the locale. Our teams in each jurisdiction where we operate are responsible for monitoring developments in laws, regulations and policies regarding data privacy and protection so that we can stay current on the relevant regulations in each of these jurisdictions. Additionally, we protect our users' personal information and privacy by adhering to data privacy laws and industry standards as provided in our policies.
- Data is not shared with third parties. We do not share our user data, nor is our platform used for advertising, eliminating many of the concerns surrounding data privacy.
- Data access is strictly monitored within our Group. Internal access privileges to user data must be approved by a senior manager, in particular David Taylor, our Chief Operating Officer.
- All data and documents are encrypted in transit and at rest in our databases. All electronic communication between our users and our system occurs through high-grade encryption, and we employ a certified datacenter with guaranteed uptime to host our servers.

We back up all data on a regular schedule and such data is shared between onsite and offsite locations. We have installed virus scanning software, web filtering appliances and email filtering services on each of our computers. Status of network, helpdesk tickets and backups are reviewed every two weeks during onsite meetings with our IT service partner, who also monitors our Internet traffic and provides virus detection services. During the Track Record Period, we did not experience any material cybersecurity incidents or internal system breakdown.

COMPETITION

We have achieved a strong competitive position in the vendor credentialing market in the United States. Our main competitors are other providers of vendor credentialing service, mainly Symplr, Vendormate and Parallon. Our competitors adopt business models which are, to a certain extent, different from ours. For example, Symplr contracts with vendor companies to handle credentialing matters for their employees, while other market participants provide vendor credentialing solutions together with other products and services to LoCs.

The market of medical credentialing in the United States is slightly more fragmented than that of vendor credentialing, with three major market participants capturing two thirds of the total market share. We mainly compete with MDStaff and Healthstream in the medical credentialing market. Companies initially providing vendor credentialing service, such as Symplr, also entered into this market in 2014.


We anticipate that the vendor credentialing market and medical credentialing market will continue to grow in response to rapid technological changes and innovation, evolving healthcare industry regulations and demands of LoCs, vendor representatives and medical staff, as well as their shifting preferences. We must continually innovate to remain competitive.

We believe that the principal competitive factors in our industry are:

- business scale;
- value proposition offered to customers, including business model;
- brand recognition and reputation;
- track record on reliability of services;
- user experience;
- solution and service quality and selection;
- technology capabilities; and
- pricing.

We believe that we are well positioned to effectively compete on the basis of the foregoing factors. However, as the medical credentialing solution is at an early stage, there may be unidentified competitors and unanticipated barriers to entry. See “Industry Overview — Application of Technology Platforms in the Healthcare Industry—Two Main Healthcare Credentialing Services — Vendor Credentialing and Medical Credentialing.”

INTELLECTUAL PROPERTY

We have registered trademarks for the use of our logo, brand and product name, including , “IntelliCentrics”, “SEC³URE” and SEC³URE PASSPORT in the relevant jurisdictions. In accordance with the Madrid Agreement and Protocol, we have submitted international applications of four trademarks registered in the United Kingdom, obtained registration certificates issued by the International Bureau of the WIPO and completed certain registrations of the designations in relevant jurisdictions including China and European Union. See “Regulation — Regulations Relating to Intellectual Property (Trade Marks) — The Madrid Agreement and Protocol” for details about the Agreement and Protocol. As of the Latest Practicable Date, we had also registered the above four trademarks in Hong Kong and applied for registration of these trademarks in Canada and other jurisdictions under the Madrid System. We had registered 68 domain names as of the same date.

BUSINESS

See “Statutory and General Information — B. Further Information about Our Business — 2. Key Intellectual Property Rights of Our Group — (a) Trademarks” in Appendix V for details of our trademarks.

We had not been subject to any material infringement of our intellectual property rights by third parties or any allegations of infringement of intellectual property rights of third parties during the Track Record Period.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of October 31, 2018:

	<u>Number of employees</u>	<u>Percentage of total</u>
Administration and management	23	18.3%
Operation	32	25.4%
Research and development	55	43.7%
Sales and marketing	<u>16</u>	<u>12.7%</u>
Total	<u><u>126</u></u>	<u><u>100.0%</u></u>

The following table sets forth a breakdown of our employees by geographical location as of October 31, 2018:

	<u>Number of employees</u>	<u>Percentage of total</u>
United States	88	69.8%
United Kingdom	26	20.6%
Canada	2	1.6%
Taiwan	<u>10</u>	<u>8.0%</u>
Total	<u><u>126</u></u>	<u><u>100.0%</u></u>

We are committed to offering a competitive employee benefits package including flexible work hours, paid annual leave, health and dental insurance, short and long-term disability, life insurance and a 401(k) plan with company match. In order to effectively motivate our employees and remain competitive, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation for our employees to provide feedback on their performance. Compensation for our employees typically consists of basic salary and a performance-based bonus. We provide additional variable compensation, including monthly commission, quarterly performance bonus or annual performance bonus for our senior management members, vice presidents and sales representatives.

BUSINESS

We recruit employees through a variety of channels including the use of our own in-house recruiter, agencies, online channels including our corporate website and social networking, as well as employee and industry referrals. We have multiple professional development programs designed to improve professional job performance and personal growth. Examples include various training programs to our employees handling the processing and verification of the documentation for credentialing solutions and customer service representatives by internally sourced speakers, management training on governance issues, and programs to advance career opportunities for all employees.

During the Track Record Period, we engaged several employment agents on an ad-hoc basis to hire contractors for certain clerical positions or specific research and development projects. We only settled with the employment agents the payment for contractors, and those agents bear the relevant costs of social insurance and other applicable employee benefits.

During the Track Record Period, we did not have any strikes, protests or other material labor conflicts that materially impaired or may impair our business and image. As of the Latest Practicable Date, our employees were not represented by a labor union.

INSURANCE

We maintain general liability, professional liability, property, cyber and data risk, umbrellas liability, automobile, and kidnap and extortion policies for our business, income and properties. We believe such insurance coverage is in line with industry norm. During the Track Record Period, we did not make any material insurance claims on our policies. See “Risk Factors — Risks Relating to Our Business — We may not have sufficient insurance coverage to cover our business risks.”

PROPERTIES

Our corporate headquarters is located at 1420 Lakeside Parkway, Flower Mound, Dallas, Texas, United States. As of the Latest Practicable Date, we did not own any properties, and we leased one property in each of the United States, Canada, the United Kingdom and Taiwan, with a gross floor area of approximately 21,803, 111, 2,502 and 4,981.6 square feet, respectively. Our leased properties are primarily used for office and business purposes. The relevant lease agreements have lease expiration dates ranging from March 31, 2019 to December 31, 2019.

As of October 31, 2018, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

BUSINESS

LICENSES, PERMITS AND CERTIFICATIONS

As advised by our legal advisers, we are not aware of any specific operational license requirement in the United States, provinces of Quebec and Ontario, Canada and the United Kingdom in respect of our operation. As advised by our PRC legal advisor, the Licensing Agreement is required to be filed by Sciencare Technology with the competent level of MOFCOM within 60 days from the date when relevant sales revenue based on which the royalties under the Licensing Agreement are calculated (“Basis”) is generated, and be re-filed with such level of MOFCOM each time when a new Basis is generated. In addition, the Licensing Agreement may be required to be registered with the Trademark Office of SAIC if any trademark is involved in the licensing arrangement. We are also advised by our PRC legal advisor that Sciencare Technology is currently not required to obtain any government approvals, permits or licenses with the PRC government to conduct credentialing business in China in accordance with its current plan. However, it may be required to apply for an Internet Content Provider license and other government approvals, permits or licenses with the PRC government in the future if its business evolves and enters into other business models or areas.

We received certification from the NCQA for medical credentialing processes and procedures in 2017. Such certification is a testament to the quality of our service in the credentialing of the medical staff. The following table sets out a list of the NCQA certification currently held by us:

<u>Issuing Entity</u>	<u>License/Permit/Certification</u>	<u>Expiry Date</u>
NCQA	Certification in CVO Application and Attestation Content	September 21, 2019
NCQA	Certification in Application Processing	September 21, 2019
NCQA	Certification in Board Certification	September 21, 2019
NCQA	Certification in DEA Certification	September 21, 2019
NCQA	Certification in Education and Training	September 21, 2019
NCQA	Certification in License to Practice	September 21, 2019
NCQA	Certification in Malpractice Claims History	September 21, 2019
NCQA	Certification in Medical Board Sanctions	September 21, 2019
NCQA	Certification in Medicare/Medicaid Sanctions	September 21, 2019
NCQA	Certification in Ongoing Monitoring of Sanctions	September 21, 2019
NCQA	Certification in Work History	September 21, 2019

HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We do not operate any production facilities. Therefore, we are not subject to significant health, safety or environmental risks. To ensure compliance with applicable labor and safety laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisers, adjust our human resources policies to accommodate material changes to relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other penalties due to non-compliance with health, safety or environmental regulations.

LEGAL PROCEEDINGS AND COMPLIANCE**Legal Proceedings***Dispute with ProCial*

In November 2015, IntelliCentrics USA entered into a letter of intent with Practice Interactive, LLC (“ProCial”), a Texas limited liability company, pursuant to which IntelliCentrics USA agreed to purchase ProCial’s assets in consideration of US\$750,000 in cash. Due to business considerations, IntelliCentrics USA decided not to proceed with the transaction contemplated by the letter of intent. In December 2015, ProCial filed a lawsuit against IntelliCentrics USA for breach of contract, seeking damages, expenses and other monetary relief totaling between US\$0.2 million and US\$1 million. In October 2016, we reached a settlement agreement with ProCial, pursuant to which we paid US\$150,000 to ProCial. We made a provision of US\$500,000 for the costs to be incurred in association with the dispute with ProCial in 2015 and reversed an over-provision of US\$350,000 in 2016 following the settlement.

Dispute with a Former Employee

In April 2018, a former employee of IntelliCentrics USA filed certain claims against IntelliCentrics USA, alleging breach of contract, fraud, and age discrimination and seeking damages including lost compensation and payment of reimbursable expenses. The plaintiff was hired in December 2016 on an at-will basis with an annualized base salary of US\$230,000 plus performance incentives and a conditional relocation fee reimbursement up to US\$50,000. As advised by our counsel to the litigation, the likelihood that the plaintiff prevails on all his claims is low. Based on our Litigation Counsel’s advice, we have not made any provision for this proceeding. Taking into account the facts and analysis of our counsel, we made no provision for this lawsuit. As of the date of this prospectus, the lawsuit is pending.

Except as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Non-compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continually improving these systems. We have

formulated an internal audit charter and a risk management policy, pursuant to which: (i) our Board has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems; (ii) Mr. Sheehan, our Chief Executive Officer, reports functionally to the Board; and (iii) our Audit Committee assists the Board in overseeing the risk management and internal control systems. For composition of our Audit Committee, see “Directors and Senior Management — Board Committees — Audit Committee.” Key business and operational risks are identified and assessed by the internal audit manager on a day-to-day basis, who had more than 16 years of experience related to internal audit. Our internal audit manager also discusses with our Chief Executive Officer and other senior management at least on a quarterly basis. In particular, we have adopted and implemented comprehensive risk management measures in various aspects of our business operations such as operational and legal risk management.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. We have established a series of internal procedures to manage such risk. In particular, we pay close attention to risk management relating to our information technology, as sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data is avoided.

During the Track Record Period and up to the Latest Practicable Date, we had experienced one material service outage in February 2017 as a result of product alteration by AWS where we host the servers and infrastructure of our technology platform, which resulted in a disruption to our business for approximately three hours. The cause of the incident was outside of our control. According to the report of AWS, this service outage arose from an incorrect execution of a task by AWS, which led to a removal of a larger set of servers than intended and hence removing a significant portion of the capacity and causing the relevant subsystems to require a full restart.

Although this incident did not result in any loss of data and had no material impact on our operations, we have taken considerable measures to ensure continuity of service for our LoC’s and subscribers in the case of similar incidents in the future and to improve the stability of our information technology infrastructures as a whole. Such measures include utilizing AWS’ automation to expand, contract, and self-heal server capacity automatically, encrypt all data at rest, and automate our build and deployment processes to help streamline development cycles. Furthermore, we maintain backup systems within three physical datacenters operated by AWS.

To enhance our internal control practices in preparation of the Listing, we engaged an independent internal control consultant to review selected areas of our internal controls over financial reporting. The internal control consultant conducted an internal control review in the first quarter of 2018 and made recommendations to us to enhance our internal controls practices. One of the recommendations was the enhancement of our then existing disaster recovery procedures. Specifically, it recommended us to (i) develop and finalize our recovery procedures over build infrastructure and pre-production environment; and (ii) specify the risk assessment on the likelihood

and impact of different disasters, and the establishment of a special team, management expectation of system recovery and business resumption priorities for key information system and applications. We took remedial measures according to these recommendations and completed the enhancement in July 2018. The internal control consultant conducted a follow-up review in the second quarter of 2018 on the status of the management actions taken by our Group to address the findings and recommendations of the internal control review. The internal control consultant did not have any further recommendations in the follow-up review. Both the internal control review in the first quarter of 2018 and the follow-up review in the second quarter of 2018 were conducted based on information provided by our Company and no assurance or opinion on internal control was expressed by the internal control consultant.

Our technology and operations team is headed by Mr. David Edward Taylor, our Chief Operating Officer. See “Directors and Senior Management — Our Senior Management.” In addition, we have been keen to managing cybersecurity risks and preventing security breaches. See “— Information Infrastructure and Technology — Data Protection.”

Compliance and Legal Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Legal risk refers to the risk of legal liability arising from violations of laws and regulations, breaches of contracts, infringements on the legal rights of others or otherwise in connection with any contract or business activity in which we are involved.

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We continually improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We also undertake compliance management over various aspects of our operations and employee activities, and have established an accountability system in respect of employees’ violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised), Mr. Lin, through his wholly-owned investment holding company, Ocín, will be entitled to indirectly exercise voting rights of 64.36% of the issued share capital of our Company, and Ocín will directly hold 64.36% of the issued share capital of our Company. Accordingly, both Mr. Lin and Ocín are our Controlling Shareholders.

Our Controlling Shareholders and Directors confirm for themselves that none of them or their respective close associates has any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with the Listing Business, which would require disclosure under Rule 8.10 of the Listing Rules.

CLEAR DELINEATION OF LISTING BUSINESSES AND CCTV BUSINESS

As of the Latest Practicable Date, apart from the Listing Business, our Controlling Shareholder, Mr. Lin had interests in the CCTV Business. The CCTV Business is operated through various companies owned and controlled by VTC Electronics, a Taiwan company controlled by Mr. Lin. Those companies do not form part of our Group.

To further protect our Group, each of the Controlling Shareholders has, by way of a deed, undertaken to the Company and for the benefit of the Group that, except with the prior written consent of the Company, during the Non-Compete Period, not to, directly or indirectly, carry out, control or provide consultancy or similar services to, any business that competes or may compete with the principal business which the Group carries out as at the Listing Date which is the provision of credentialing services for vendor representatives and/or medical staff. Nothing in the undertakings shall prevent the Controlling Shareholders from acquiring a direct or an indirect shareholding interest or interest in other securities of not more than 5% (individually or taken together with their respective close associates) in a company listed on a recognised stock exchange anywhere in the world and engaged in any Restricted Business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after the Listing, based on the following factors:

Management Independence

Our Board comprises two executive Directors, namely Mr. Lin and Mr. Sheehan, two non-executive Directors, and three independent non-executive Directors. Notwithstanding Mr. Lin is one of our Controlling Shareholders, holding a controlling interest in our Company upon the Listing, Mr. Lin is only one member of the Board, comprising seven Directors. Decisions of our Board are made collectively, and our management and operational decisions are delegated to a team of two executive Directors (one of whom is Mr. Lin) and three members of senior management. The balance of power and authority is therefore ensured by the operation of our Board and senior management. See “Directors and Senior Management” for details of the qualifications and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

experience of our executive Directors and senior management. Except for Mr. Lin himself, all the other members of our Board and our senior management are independent of our Controlling Shareholders.

Each of our Directors are aware of his fiduciary duties as a director which require, among other things, that he must act for the benefit and in the best interests of our Company, and to properly deal with any conflict between his duties as a Director and his personal interests. Further, we believe our independent non-executive Directors have a depth and breadth of experience which will enable them to bring sound independent and impartial judgment to the decision-making process of our Board. Our independent non-executive Directors have been appointed in accordance with the requirements of the Listing Rules.

In addition, our Articles of Association provide that, subject to certain exceptions, our Directors shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract, arrangement or proposal in which he or any of his close associates has a material interest, subject to certain exceptions. As such, if the Board is asked to consider transactions or matters where the counterparties involved are our Controlling Shareholders or their respective associates, Mr. Lin will not vote or be counted in the quorum at the relevant Board meetings, and there will be sufficient members on our Board (including our Chief Executive Officer, two non-executive Directors and three independent non-executive Directors) to consider the transaction or matter independently of our Controlling Shareholders.

Based on the above, our Directors are satisfied that our Board, together with our senior management team, is able to manage the Listing Business independently of our Controlling Shareholders.

Operational Independence and Financial Independence

We have full rights to make all decisions regarding, and to carry out, our own business operations independently. As of the Latest Practicable Date, we had our own independent operation capabilities, independent management systems and independent internal control, accounting and financial systems from that of our Controlling Shareholders and their respective associates. Our Directors do not expect there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after Listing.

Our Directors are satisfied that we are capable of conducting our business independently from any of our Controlling Shareholders (including their respective associates) after our Company is listed on the Hong Kong Stock Exchange.

OTHER CORPORATE GOVERNANCE MEASURES

In accordance with the Listing Rules, our Board will consist of not less than three independent non-executive Directors, comprising at least one-third of our Board, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process. See “Directors and Senior Management — Independent Non-executive Directors” for details about our independent

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

non-executive Directors. We believe our independent non-executive Directors are of sufficient caliber, knowledge and experience and will be able to provide impartial and independent advice to our Shareholders.

We have adopted the following measures in order to manage existing and potential conflicts of interest:

- (a) our Articles of Association provide that a Director who is in any way materially interested in an actual or proposed contract or arrangement with the Company shall declare the nature of his or her interest at the earliest meeting of the Board at which he or she may practically do so;
- (b) our Articles of Association also provide that, subject to certain exceptions, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which such Director or any of his close associates have a material interest, and if such Director shall do so, his or her vote shall not be counted nor shall such Director be counted in the quorum for that resolution;
- (c) if the independent non-executive Directors are requested to review any conflict of interest circumstances between the Group on the one hand and our Controlling Shareholders and/or the Directors on the other hand, our Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information, and the Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements;
- (d) we have established the Audit Committee, the Remuneration Committee and the Nomination Committee to assess and control, and ensure our Board is appropriately advised, as to matters relating to, among other things, our relationship with our external auditors and internal audit, the remuneration of our Directors and our senior management, and the composition of our Board. Our Audit Committee comprises independent non-executive Directors and each of our Remuneration Committee and Nomination Committee comprises a majority of independent non-executive Directors. In addition, the chairman of each of our audit and Remuneration Committees is an independent non-executive director. For further details of our committees and their composition, see “Directors and Senior Management — Board Committees”; and
- (e) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

Based on the above, our Directors are satisfied that there are sufficient and effective measures to manage conflicts of interest and that we are able to operate independently of our Controlling Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

OUR DIRECTORS

Overview

Our Board of Directors currently consists of two executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of our Board include, but are not limited to, determining our Group's business and investments plans, convening general meetings and reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, formulating our Company's annual financial budget and final accounts, formulating our proposals for distributions of profit, as well as exercising other powers, functions and duties conferred by our Articles of Association. We entered into service contracts with each of our Directors.

Our executive Directors and senior management are responsible for the day-to-day management and operation of our Group's business.

The following table sets forth certain information in respect of our Directors:

Name	Age	Position	Date of First Joining our Group	Date of Appointment as Director	Roles and Responsibilities
<i>Executive Directors</i>					
Mr. Lin Tzung-Liang (林宗良)	55	Chairman and executive Director	June 4, 2004	June 3, 2016	<ul style="list-style-type: none">Formulating the overall development strategies and business plans, and overseeing the operations, of our GroupChairman of the Board of DirectorsChairman of the Nomination Committee
Mr. Michael James Sheehan	50	Chief Executive Officer and executive Director	June 4, 2004	September 5, 2018	<ul style="list-style-type: none">Overseeing the management and operation of our Group's business, and the technology management, client management and services management of our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of First Joining our Group	Date of Appointment as Director	Roles and Responsibilities
<i>Non-executive Directors</i>					
Mr. Lin Kuo-Chang (林國璋)	60	Non-executive Director	September 5, 2018	September 5, 2018	<ul style="list-style-type: none"> • Providing strategic advice and guidance on our Group's business development and expansion
Mr. Sean Fang (方頌和)	50	Non-executive Director	September 5, 2018	September 5, 2018	<ul style="list-style-type: none"> • Providing strategic advice and guidance on our Group's business development and expansion
<i>Independent Non-executive Directors</i>					
Mr. Chan Kwok Wai (陳國威)	62	Independent Non-executive Director	March 14, 2019	March 14, 2019	<ul style="list-style-type: none"> • Supervising and providing independent judgment and analysis to the Board • Chairman of the Audit Committee and member of Nomination Committee
Mr. Lo Chiang (羅強)	68	Independent Non-executive Director	March 14, 2019	March 14, 2019	<ul style="list-style-type: none"> • Supervising and providing independent judgment and analysis to the Board • Chairman of Remuneration Committee and member of the Audit Committee
Mr. Shen Haipeng (沈海鵬)	42	Independent Non-executive Director	March 14, 2019	March 14, 2019	<ul style="list-style-type: none"> • Supervising and providing independent judgment and analysis to the Board • Member of the Remuneration Committee and Nomination Committee

Note: For the residential addresses of the Directors, see “Directors and Parties Involved in the Global Offering.”

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lin Tzung-Liang (林宗良), aged 55, is a Controlling Shareholder of our Company and has been a Director of our Company since June 3, 2016. On September 5, 2018, Mr. Lin was appointed as the Chairman of the Board and designated as an executive Director. Since Mr. Lin joined our Group, he has been the driving force behind the development, growth and expansion of our Group's business. Mr. Lin is primarily responsible for formulating the overall development strategies and business plans and overseeing the operations of our Group. Mr. Lin is also a director of several of our principal operating entities.

Mr. Lin founded VTC Electronics in 1995 and has been an entrepreneur since then. Mr. Lin has over 20 years of investment and management experience in various industries including healthcare industry.

Mr. Lin obtained his bachelor's degree in Business Administration from Soochow University in June 1987, and his master's degree in Business Administration from Peking University in July 2016.

Mr. Michael James Sheehan, aged 50, has been with our Group for over 14 years, and he joined our Group as a director of USA deView (a member of our Group) in June 2004. He was responsible for incorporating USA deView, a wholly-owned subsidiary of our Group for the purpose of introducing the company's products to North America. In June 2010, while retaining all of his current responsibilities, he was named to the board of directors of the parent company VTC Electronics and held this position until June 2016. In this capacity, Mr. Sheehan was subsequently given the additional responsibility of overseeing our Group's operations in the United Kingdom. In April 2012, Mr. Sheehan was named group chief executive officer of the parent company VTC Electronics and remained in that position until the reorganization of VTC Electronics which separated the CCTV Business from the Listing Business. Following the reorganization, Mr. Sheehan devoted his time exclusively to the operations of our Group in the capacity of Chief Executive Officer and was appointed as an executive Director on September 5, 2018. In this role, Mr. Sheehan is primarily responsible for overseeing the management and operation of our Group's overall business, including the development of our business model, technology development and selection, development of our business growth strategies, our Group's decision making processes and organizational structure, and the management of day to day operations. Mr. Sheehan is also a director of several of our principal operating entities.

Prior to joining our Group in 2004, Mr. Sheehan was with Honeywell from 1995 to 2004 and by the time he left, he was named the Vice President of Six Sigma, a position which he held until he joined our Group as a director of USA deView in 2004.

Mr. Sheehan obtained his bachelor's degree in Apparel Merchandising from the College of Arts and Sciences at Indiana University Bloomington in May 1991.

DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Directors

Mr. Lin Kuo-Chang (林國璋), aged 60, has been a non-executive Director of our Company since September 5, 2018. He is primarily responsible for providing strategic advice and guidance on the business development and expansion of our Group. Mr. Lin Kuo-Chang has nearly 30 years of experience in corporate governance, securities and investments.

Mr. Lin Kuo-Chang was the supervisor of VTC Electronics from June 2013 to May 2014 and became a director of VTC Electronics from May 2014 to March 2017. He served as a president at First Taisec Securities from April 2003 to March 2008. Prior to that, between February 1998 and February 2003, he served as the chairman and general manager of Grand Orient Securities* (大東證券) in February 1998, the general manager of Xie He Securities* (協和證券) in April 2002, and was with Waterland Futures Brokerage Co., Ltd.* (國票期貨經紀股份有限公司) between November 2002 and February 2003. From June 1983 to January 1998, he was with Jian Hong Securities Co., Ltd.* (建弘證券股份有限公司) where he held the position of vice general manager at the Underwriting Department and vice president at the Sales Department.

Mr. Lin Kuo-Chang obtained his bachelor's degree in Insurance from Tamkang University in June 1981.

Mr. Sean Fang (方頌和), aged 50, has been a non-executive Director of our Company since September 5, 2018. He is primarily responsible for providing strategic advice and guidance on the business development and expansion of our Group. Mr. Fang has experience in investment banking and private equity.

He has been working as the director of Midas General Partner since May 2017. Mr. Fang was engaged as a licensed representative of Citigroup Global Markets Asia Limited from November 2010 to July 2012, Citigroup Global Markets Hong Kong Futures and Securities Limited from November 2010 to January 2012. From August 2007 to July 2010, Mr. Fang served as the director at Affinity Equity Partners (HK) Limited and was also engaged as its licensed representative from December 2007 to July 2010. From April 2003 to June 2003, Mr. Fang was a licensed representative of UBS Securities Asia Limited.

Mr. Fang was admitted as a certified public accountant in the United States from October 1996 to June 1999. Mr. Fang obtained his bachelor's degree in Economics from the University of California at Berkeley in December 1992, and his master's degree in Business Administration from New York University Leonard N. Stern School of Business in May 1996.

Independent Non-Executive Directors

Mr. Chan Kwok Wai (陳國威), aged 62, was appointed an independent non-executive Director of our Company since March 14, 2019. He is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Chan has more than 20 years of experience in accounting, banking and professional services industries.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan was an executive director and the head of Greater China at Hang Seng Bank Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 11), from February 2016 to May 2017. Prior to that, he served as an executive director of Sun Hung Kai Properties Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 16) from July 2009 to November 2015 and the chief financial officer of the same company from July 2009 to January 2016. From 1995 to 2009, he held various roles at Hang Seng Bank Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 11) including executive director and general manager, chief financial officer, deputy general manager, assistant general manager and head of Financial Control Division. Mr. Chan was also appointed as an accounting consultant of the Ministry of Finance of PRC.

Mr. Chan was admitted as (i) an associate of the Institute of Chartered Secretaries and Administrators in November 1989; (ii) a fellow of the Association of Chartered Certified Accountants (formerly known as the Chartered Association of Certified Accountants) in November 1991; (iii) a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) in September 1994; (iv) a member of the Society of Trust and Estate Practitioners in May 2004; and (v) an associate financial planner of the Institute of Financial Planners of Hong Kong in March 2012. Mr. Chan received his master's degree in Business Administration from University of Warwick in July 1993.

Taking into account Mr. Chan's past experience and qualifications, our Company takes the view that he is familiar with the financial statements, internal control and risk management system of listed companies and has appropriate accounting and related financial management expertise to handle accounting and financial required of him as an independent non-executive Director of our Company.

Mr. Lo Chiang, also known as John Law (羅強) ("Mr. Lo"), aged 68, was appointed an independent non-executive Director of our Company since March 14, 2019. He is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Lo has over 14 years of experience in banking and finance.

Mr. Lo currently serves as a non-executive director of Far East Horizon Limited, since October 2012, a company listed on the Hong Kong Stock Exchange (stock code: 3360), a director of Rizal Commercial Banking Corp., since April 2015, a company listed on the Philippine Stock Exchange (stock symbol: RCB), as well as a nominee director of Khan Bank LLC. in Mongolia since November 2016. He served as an independent director of Bank of Hangzhou Co., Ltd. from September 2013 to February 2017, a company listed on the Shanghai Stock Exchange (stock code: 600926). He also served as a director of Industrial Bank Co., Ltd. from October 2007 to October 2010 a company listed on the Shanghai Stock Exchange (stock code: 601166), and a director of Bank of Nanjing Co., Ltd from April 2005 to June 2009, a company listed on the Shanghai Stock Exchange (stock code: 601009).

He has been serving as a Greater China senior advisor at Oliver Wyman since January 2013. From March 2004 to October 2012, Mr. Lo served as a principal banking specialist at International Finance Corporation of the World Bank Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lo received his bachelor's degree in Psychology from Chung Yuan Christian University (formerly known as Chung Yuan Christian College of Science and Engineering) in June 1974, his master's degree in Poetry from Universite de Paris VII in October 1979, and his master's degree in Business Administration from Indiana University (Bloomington) in May 1982.

Mr. Shen Haipeng (沈海鵬), aged 42, was appointed an independent non-executive Director of our Company since March 14, 2019. He is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Shen has nearly 15 years of experience in analytics and innovation.

Since July 2018, Mr. Shen has been appointed as the independent director of Zhou Dasheng Jewelry Holding Ltd.* (周大生珠寶股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2867). Mr. Shen currently serves as the associate dean (executive education) at the Faculty of Business and Economics at the University of Hong Kong. He has been a professor of innovation and information management at the University of Hong Kong since September 2015. Prior to that, Mr. Shen was a tenured full professor from July 2014 to August 2015, a tenured associate professor from July 2009 to June 2014 and a tenure-track assistant professor from July 2003 to June 2009 at the Department of Statistics and Operations Research at the University of North Carolina Chapel Hill. He was also a visiting associate professor at the Wharton School, University of Pennsylvania from July 2012 to June 2013.

Mr. Shen obtained his bachelor's degree in Mathematics from the School of Mathematical Sciences at Peking University in July 1998, his master's degree in Art from the University of Pennsylvania in November 2000, and his doctor's degree in Philosophy from the University of Pennsylvania in August 2003.

Other Disclosures

Except as disclosed above, none of our Directors holds or has held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus. See "Statutory and General Information" in Appendix V to this prospectus for further information about our Directors, including the particulars of their service contracts and remuneration, and details of the interests of our Directors in the Shares (within the meaning of Part XV of the SFO).

Except as disclosed in this prospectus, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, there were no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there were no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

OUR SENIOR MANAGEMENT

In addition to Mr. Lin and Mr. Sheehan, the information of whom is disclosed in the section “Director and Senior Management — Our Directors” above, the following table below sets forth certain information in respect of the members of the senior management of our Group:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of First Joining our Group</u>	<u>Date of Appointment as Senior Manager</u>	<u>Roles and Responsibilities</u>
Mr. Chen Yung-Fa (陳勇發) . . .	54	Chief Financial Officer	May 2, 2013	April 16, 2018	<ul style="list-style-type: none"> Overseeing the financial management of our Group and our Group’s investment and financing activities, as well as our Group’s internal controls
Mr. David Edward Taylor	43	Chief Operating Officer	February 15, 2016	April 16, 2018	<ul style="list-style-type: none"> Overseeing the overall management of our credentialing platform for compliance and security purposes in the healthcare industry, technology and product innovation teams, and our services teams, and assisting with the development of our Group’s business, annual plans and strategic business plans
Ms. Nimisha Savani	53	Chief Marketing Officer	April 23, 2018	April 23, 2018	<ul style="list-style-type: none"> Overseeing the Group’s sales and marketing functions including strategic planning, geographic expansion and product introduction

Mr. Chen Yung-Fa (陳勇發), aged 54, joined our Group in May 2013 as a special assistant and was appointed as the chief financial officer of VTC Electronics in July 2013 and continues to serve as the Chief Financial Officer of our Group after the Reorganization. Mr. Chen has overall responsibility for the financial management of each member of our Group and our Group’s investment and financing activities, as well as investor relationship of our Group. Mr. Chen has nearly 20 years of experience in financial services industry.

Prior to joining our Group, Mr. Chen served as the vice general manager of finance in Continental Engineering Corp. (大陸工程股份有限公司), between August 1998 and April 2010, a company formerly listed on the Taiwan Stock Exchange (stock code: 2526), and held the role of vice general manager of finance and the spokesman of Continental Holding Corporation (欣陸投資控股股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 3703) from April 2010 and June 2011. From September 2011 to November 2012, Mr. Chen served as the chief financial officer of DaChan Food (Asia) (Limited), a company listed on the Hong Kong Stock Exchange (stock code: 3999).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen obtained his bachelor's degree in Business Administration from National Taiwan University in June 1987, and his master's degree in Business Administration from University of Colorado in May 1992.

Mr. David Edward Taylor, aged 43, is the Chief Operating Officer of our Group with overall responsibility for Technology and Operations, including overseeing the overall management of our credentialing platform for compliance and security purposes in the healthcare industry, technology and product innovation teams, and our services teams, and assisting with the development of our Group's business, annual plans and strategic business plans. Mr. Taylor joined our Group in February 2016.

Prior to joining our Group, Mr. Taylor was involved in the field of healthcare technology for over 10 years. Between December 2003 and December 2015, Mr. Taylor served at Trintech Inc., holding a number of roles including the Director of Finance and Strategy in 2003, Vice President (Strategy) from 2006 to 2011 and the Executive Vice President (Product and Marketing Platforms (Cloud)) from 2011 to 2015. Between May 2015 and February 2016, Mr. Taylor served as the Vice President (Product Management) of nThrive (formerly known as Medassets, Inc.).

Mr. Taylor was admitted to Associate Membership at the Chartered Institute of Management Accountants in November 2005, and obtained his master's degree in Business Administration from the University of Texas at Dallas in August 2008.

Ms. Nimisha Savani, aged 53, joined our Group as the Chief Marketing Officer in April 2018. She is primarily responsible for our Group's sales and marketing functions including strategic planning, geographic expansion, market segmentation and management, product pricing, launch prioritization and product introduction.

Prior to the joining the Group, from November 2014 to April 2018, Ms. Savani was the Vice President, Vertical Chief, Healthcare at Academic Partnerships, providing leadership and direction in various areas including integrated marketing and field sales. Between January 2013 and February 2014, Ms. Savani served as the Vice President for Communications, Marketing and Public Affairs for University of Texas Southwestern Medical Center. Between October 2001 and July 2012, Ms. Savani held a variety of marketing and communications roles at ConvaTec Inc., (formerly a Bristol Myers Squibb Company — divested to Nordic Capital and Avista Capital Partners in August 2008) culminating in the role of Vice President, Corporate Affairs. From December 1999 to May 2001, she held roles at Investor Force, Inc.. Between April 1988 to March 1996, she held a variety of roles in customer service, operations and internal audit for Royal Bank of Canada.

Ms. Savani received her bachelor's degree in Science from the University of Toronto in June 1986, and her master's degree in Business Administration from Villanova University in December 1997. Ms. Savani became a lifetime member of the Beta Gamma Sigma business honor society and the Honor Society of Phi Kappa Phi in 1998. She also completed a number of Wharton Fellows Master Classes at the University of Pennsylvania from 2005 to 2008.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Hung Kuo Yuan (洪國原), aged 45, is a joint company secretary of our Company. Mr. Hung joined our Group in 2007 as company secretary and continues to serve as the Company Secretary of our Group after the Reorganization. Mr. Hung has over 10 years of experience in company secretarial field. Prior to joining our Group, Mr. Hung worked at Yuanta Financial Holding Co., Ltd, a company listed on the Taiwan Stock Exchange (stock code: 2885), from 2002 to 2006. Mr. Hung obtained his bachelor's degree in Business from Chinese Culture University in June 1999.

Ms. Leung Shui Bing (梁瑞冰), aged 42, is a joint company secretary of our Company. Ms. Leung is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). She has over 15 years of experience in the company secretarial field. Ms. Leung obtained a bachelor's degree in Business and Management Studies (Accounting and Finance) from University of Bradford in July 2008, and a master's degree in Corporate Governance from The Open University of Hong Kong in August 2017. She was admitted as an associate member of the Hong Kong Institute of Chartered Secretaries in December 2017 and the Institute of Chartered Secretaries and Administrators in the United Kingdom in December 2017. Ms. Leung is not an employee of our Company but will coordinate with Mr. Hung, the other joint company secretary, in discharging her duties as one of the joint company secretaries of our Company.

WAIVER FROM REQUIREMENT FOR MANAGEMENT PRESENCE

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant, a waiver from Rule 8.12 of the Listing Rules regarding the requirement to have sufficient management presence in Hong Kong. For more details, see “Waiver From Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Management Presence in Hong Kong” in this prospectus.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser upon the listing of our Shares on the Hong Kong Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules regarding unusual movements in the price or trading volume of our Shares.

DIRECTORS AND SENIOR MANAGEMENT

The term of the appointment will commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Chan Kwok Wai, Mr. Lo Chiang and Mr. Sean Fang, with Mr. Chan Kwok Wai, our independent non-executive Director who possesses the appropriate accounting or related financial management expertise, being the chairman of the committee.

The primary duties of the Audit Committee are to review, supervise, and assist our Board in providing an independent view of, our financial reporting processes, and internal control and risk management systems, as well as to oversee the audit process, review our annual and interim financial statements, provide advice and comments to our Board on matters related to corporate governance, and perform other duties and responsibilities as assigned by our Board from time to time.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. Lo Chiang, Mr. Lin Kuo-Chang and Mr. Shen Haipeng, with Mr. Lo Chiang, our independent non-executive Director, being the chairman of the committee.

The primary duties of the Remuneration Committee are to (i) develop and review the policies the structure of the remuneration of our Directors and senior management, (ii) evaluate the performance of, and make recommendations on the remuneration packages and long-term incentive compensation or equity plans for, our Directors and senior management, and (iii) evaluate and make recommendations on employee benefit arrangements.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely Mr. Lin, Mr. Shen Haipeng, and Mr. Chan Kwok Wai, with Mr. Lin, the Chairman of our Board, being the chairman of the committee.

DIRECTORS AND SENIOR MANAGEMENT

The primary functions of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of our Directors and senior management, and on matters of succession planning.

THE CORPORATE GOVERNANCE CODE

Our Group is dedicated to improving the transparency and accountability of its corporate governance and ensuring high standards of corporate governance practices to protect the interests of our Shareholders and enhance corporate value and commitment. In order to maintain a high standard of corporate governance, our Group established a dedicated, professional and accountable Board, assisted by a team of experienced senior management members.

BOARD DIVERSITY

The Board has adopted a board diversity policy. The Company is committed to achieving diversity and recognizes and embraces the benefits of having a diverse Board to bring in innovation, fresh and broad business perspectives and enhance the decision-making process of the Board. The Board is of the view that having diversity in the Board will help the Company better understand and meet customer needs and maintain the Company's competitive advantages in the industry.

In considering the optimal composition of the Board, the Board shall exercise its discretion to review diversity from a wide array of perspectives, including but not limited to, professional qualifications, regional and industry experience, educational and cultural background, technical and professional skills, industry knowledge and reputation, gender, age, ethnicity, nationality, language skills, length of service and time to be devoted as a director, and where possible, maintain balance from such perspectives. Appointments to the Board should be made based on merits and the contributions that the individual is expected to bring to the Board, with due regard to the benefits of diversity in the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, healthcare credentialing industry knowledge, information technology and product development, innovation and information management, accounting and financial management, risk management, and corporate governance. They obtained degrees and prior work experience in various areas including business administration, client management, banking and investments, as well as and accounting and financial management. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a wide range of ages comprising members ranging from their 40s to 60s. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is delegated by our Board to be responsible for compliance with our diversity policy and relevant codes governing board diversity under the Corporate Governance Code. Subsequent to the Listing, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness, and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Our Directors and senior management receive compensation from our Group in the form of fees, salaries, bonuses, contributions to pension schemes, allowances and benefits in kind.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, allowances, discretionary bonuses paid, benefits in kind and share-based payments) received by our Directors were US\$1.2 million, US\$1.5 million and US\$1.4 million in 2015, 2016 and 2017, respectively. Details of our Directors' remuneration are also set out in Note 8 to the Accountant's Report.

The aggregate amount of fees, salaries, contributions to pension schemes, allowances and benefits in kind paid to our Company's five highest paid individuals in 2015, 2016 and 2017 were US\$2.0 million, US\$2.2 million and US\$2.1 million, respectively. The Group's five highest paid individuals in each of 2015, 2016 and 2017 consisted of two Directors and three other individuals. The aggregate emoluments paid to the five highest paid individuals in 2015, 2016 and 2017 who were Directors, were US\$1.2 million, US\$1.5 million and US\$1.4 million, respectively. The aggregate emoluments paid to the five highest paid individuals in 2015, 2016 and 2017 who were not Directors, were US\$0.8 million, US\$0.7 million and US\$0.7 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to, and benefits in kind receivable by our Directors for the year ended December 31, 2018 is estimated to be approximately US\$861,000.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join our Group or upon joining us or as a compensation for loss of office during the Track Record Period. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable during the Track Record Period by our Group to the Directors.

PRE-IPO SHARE OPTION SCHEME

Our Company has adopted the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to reward the participants defined thereunder for their past contributions to the success of our Group and to provide incentives to them to further contribute to our Group. The principle terms of the Pre-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix V to this prospectus. As of the Latest Practicable Date, our Company had granted Share Options under the Pre-IPO Share Option Scheme to 46 grantees to subscribe for an aggregate of 11,535,000 Shares, and none of such Share Options have been vested or exercised.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons will have or be deemed or taken to have an interest and/or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of interests	Shares held as of the Latest Practicable Date ⁽¹⁾		Shares held immediately following the completion of the Global Offering ⁽¹⁾	
		Number	Percentage	Number	Percentage
Ocin	Beneficial owner	289,269,895	78.5%	289,269,895	64.36%
Mr. Lin ⁽²⁾	Interests in a controlled corporation	289,269,895	78.5%	289,269,895	64.36%
Mr. Sheehan Trust	Beneficial owner	40,000,000	10.9%	40,000,000	8.90%
Mr. Sheehan ⁽³⁾⁽⁴⁾ .	Beneficiary of a trust	40,000,000	10.9%	40,000,000	8.90%

Notes:

- (1) All interests stated are long positions, assuming the Over-Allotment Option and the Pre-IPO Share Options are not exercised.
- (2) The entire issued share capital of Ocina is directly held by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 289,269,895 Shares held by Ocina.
- (3) Mr. Sheehan Trust is a trust associated with Mr. Sheehan with Mr. Sheehan being a beneficiary and the trustee. Accordingly, Mr. Sheehan is deemed to be interested in the 40,000,000 Shares held by Mr. Sheehan Trust.
- (4) Mr. Sheehan is also interested in 5,000,000 Pre-IPO Share Options granted to him on February 18, 2019 under the Pre-IPO Share Option Scheme entitling him to receive 5,000,000 Shares subject to vesting.

Save as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (and assuming the Over-Allotment Option is not exercised), have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE CAPITAL

SHARE CAPITAL OF OUR COMPANY

The following table sets forth the authorized share capital and the Shares in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering:

Authorized share capital:

	<u>Total par value</u>
	US\$
<u>620,000,000</u> Shares of US\$0.0001 each	<u>62,000</u>

Shares issued or to be issued, fully paid or credited as fully paid upon completion of the Global Offering:

<u>Number of Shares</u>	<u>Total par value</u>	<u>Approximate percentage of issued share capital</u>
	US\$	(%)
368,570,655 Shares in issue	36,857	82
80,900,000 Shares to be issued pursuant to the Global Offering	<u>8,090</u>	<u>18</u>
<u>449,470,655</u> Total	<u>44,974</u>	<u>100</u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares: (i) which may be issued pursuant to the exercise of the Over-Allotment Option; (ii) which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme; or (iii) which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE CAPITAL

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” in this prospectus, our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandates, please see “Statutory and General Information — A. Further Information About Our Company — 3. Resolutions of the Shareholders passed on March 14, 2019” in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which shall rank *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary shareholders’ resolution: (i) increase its share capital; (ii) consolidate and divide any of its share capital into Shares of larger amount; (iii) subdivide its Shares into Shares of smaller amount; or (iv) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by shareholders’ special resolution. For more details, please see the section headed “Summary of the Articles of Association and the Cayman Companies Law — 2. Articles of Association” in Appendix IV to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Articles of Association, all or any of the rights attached to the Shares may only be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see “Summary of the Articles of Association and the Cayman Companies Law — 2. Articles of Association” in Appendix IV to this prospectus.

PRE-IPO SHARE OPTION SCHEME

We adopted the Pre-IPO Share Option Scheme on August 7, 2018. The principle terms of the Pre-IPO Share Option Scheme are summarized in the section headed “Statutory and General Information — E. Pre-IPO Share Option Scheme” in Appendix V to this prospectus. As of the Latest Practicable Date, our Company had granted Share Options under the Pre-IPO Share Option Scheme to 46 grantees to subscribe for an aggregate of 11,535,000 Shares, and none of such Share Options have been vested or exercised.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements set forth in the Accountant's Report in Appendix I to this prospectus, which has been prepared in accordance with IFRS as issued by the IASB. The following discussion and analysis include forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements due to various factors, including those set forth under the sections "Forward-Looking Statements", "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We operate a credentialing platform for compliance and security purposes in the healthcare industry and we are a leading platform in the vendor credentialing market in the United States in terms of both the number of paying subscribers and vendor credentialing revenue in 2017, according to CIC. Our platform collects, processes and verifies data and information in accordance with the different requirements of LoCs so that the data and information can be trusted to determine whether the subscriber is compliant with the requirements. As of the Latest Practicable Date, we offered vendor credentialing solution and medical credentialing solution on our platform and had more than 120,000 subscribers paying us annual membership fees for these solutions. The paying subscribers comprise representatives of pharmaceutical, medical device, and other healthcare suppliers as well as medical staff including doctors, nurses, technicians and other healthcare practitioners. We currently do not charge registered LoCs.

We generate revenue primarily from annual membership fees received from our paying subscribers for our vendor credentialing solution, as well as payments received for add-on services including radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral. Revenue from our credentialing services accounted for 95.9%, 95.7%, 94.1%, 94.4% and 94.3% of our total revenue in 2015, 2016, 2017 and for the ten months ended October 31, 2017 and 2018, respectively. Revenue from our add-on services accounted for 4.1%, 4.3%, 5.9%, 5.6% and 5.7% of our total revenue in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively. We launched our medical credentialing solution in March 2018. Although we have had over 800 LoCs adopt our medical credentialing solution as of January 31, 2019, medical staff associated with these LoCs are not required to subscribe to our medical credentialing solution until the expiration of their credentialing cycle with the relevant LoCs, which generally ranges from two to three years. As such, we did not generate significant revenue from medical credentialing in the ten months ended October 31, 2018, which accounted for 0.3% of our total revenue.

In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, we had revenue of US\$30.1 million, US\$30.8 million, US\$31.4 million, US\$26.0 million and US\$28.2 million, respectively. In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, we had net profit of US\$4.8 million, US\$7.0 million, US\$7.8 million, US\$7.3 million and US\$2.7 million,

FINANCIAL INFORMATION

respectively. Primarily due to the increased research and development expenses for our pipeline solutions and Listing expenses, our net profit decreased significantly in the ten months ended October 31, 2018. See “— Results of Operations.”

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 3, 2016. The Controlling Shareholders owned and controlled the companies now comprising the Group immediately before the Reorganization and continue to own and control these companies after the Reorganization. Our Company has not been involved in any business prior to the Reorganization. The Reorganization involved a reorganization of the Listing Business and did not result in any changes in business substance, management or Controlling Shareholders before or after the Reorganization. Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under the Company and, as set forth in the Accountant’s Report in Appendix I to this prospectus, the historical financial information has been prepared and presented as a continuation of the consolidated financial statements of the Company and its subsidiaries, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business under the consolidated financial statements of the Company for the Track Record Period presented.

Our consolidated financial information has been prepared in accordance with IFRS issued by the IASB and disclosure requirements of the Companies Ordinance. The consolidated financial information has been prepared under the historical cost convention.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition are subject to the general economy and healthcare system in the United States as we primarily operate in the United States. Moreover, the overall growth, regulatory environment and competitive landscape of the healthcare credentialing market will affect our results of operations and financial conditions. See “Industry Overview” for certain factors affecting the healthcare credentialing market in the United States. In addition, our results of operations and financial condition have been, and are expected to continue to be, materially affected by a number of factors, including the following:

Expansion of the Subscriber Base of Our Platform

As we operate a credentialing platform for compliance and security purposes in the healthcare industry and our main source of revenue is the annual membership fee we charge our paying subscribers, the number of paying subscribers has a direct effect on our revenue and our profitability. As of December 31, 2015, 2016 and 2017 and October 31, 2018, we had 121,152, 121,093, 122,591 and 119,575 paying subscribers in the United States, respectively, and our revenue from credentialing services was US\$28.9 million, US\$29.5 million, US\$29.6 million, US\$24.6 million and US\$26.6 million, respectively, in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018. Our ability to grow the number of paying subscribers would be affected in large part by the increase and retention of our registered LoCs.

Introduction of New Solutions and Add-On Services

We expect that introduction of new solutions and add-on services will increase our revenue base, in a similar way to expanding into new geographical markets. For example, we launched our medical credentialing solution and expect it to contribute to our revenue in the future. We did not recognize significant revenue from paying subscribers using our medical credentialing solution in the ten months ended October 31, 2018 since it was only launched in March 2018, despite 72 LoCs having adopted our medical credentialing solution as of October 31, 2018.

We made, and will continue to make, significant investment in research and development in connection with pipeline solutions we plan to roll out. Each pipeline solution is expected, at the research and development stage, to result in research and development expenses and thus have a negative impact on our overall profitability. After launch, the new solution is expected to begin bringing in revenue. However, though new solutions may enlarge our subscriber base, our subscriber base may not expand at a rapid pace in the ramp-up period. As such, we expect the revenue contribution from our medical credentialing solution launched in March 2018 to grow over time as we fully ramp up this solution. Moreover, our business model is to receive upfront annual membership fee upon subscription, and thereby creating strong cash flow, but revenue generated from our subscription-based solutions is recognized on a deferred basis, creating a significant deferral effect in revenue recognition in the ramp-up period. In addition, given many components of our cost of revenues are fixed in nature, gross profit margin of our newly launched solutions generally increase significantly after they are fully ramped up, but until then, their gross profit margin is generally lower, even negative, which will have a negative impact on our overall gross profit margin in the short run. For example, mainly as a result of the increased research and development expenses, which increased from US\$4.6 million in the ten months ended October 31, 2017 to US\$8.3 million in the same period of 2018, our net profit significantly dropped from US\$7.3 million in the ten months ended October 31, 2017 to US\$2.7 million in the same period of 2018.

Therefore, we expect that, as we are ramping up our newly launched medical credentialing services and pipeline solutions, our gross profit margin and net profit margin is expected to decrease in 2018 and the near future.

Pricing Power and Cross-Selling Capabilities

As we charge our paying subscribers an annual membership fee, our pricing power in terms of membership fee would have a direct impact on our revenue as well as profitability. We believe our pricing power is largely driven by the value proposition we create for our paying subscribers, in particular our large registered LoCs base. We historically raised our annual membership fee for vendor credentialing solution in 2008 and 2012 and raised it again to a universal fee of US\$287 in January 2018. As a result, our contract liabilities, which represent the annual membership fees we received from our paying subscribers that had not been recognized as our revenue, as of October 31, 2018 reached US\$18.2 million, representing an increase from the stable level at US\$14.9 million, US\$14.8 million and US\$15.8 million, respectively, as of December 31, 2015, 2016 and 2017, despite the number of our paying subscribers remaining stable. Our pricing power in the

FINANCIAL INFORMATION

future will be subject to our capability to enhance and maintain the strength of the network and community created on our platform. Also, our ability to monetize on our existing paying subscribers by cross-selling add-on services will also affect our average revenue per paying subscriber. Partially due to our efforts to improve experience in purchasing and paying for add-on services, we increased our revenue from add-on services by 37.9% in 2017 compared to 2016.

Revenue Mix of Different Solutions and Add-On Services

Our different solutions have different gross profit margins, mainly driven by the economy of scale achieved by each solution. As such, the revenue mix from different solutions and add-on services will have a significant impact on our overall gross profit margin. During the Track Record Period, the gross profit margin of our vendor credentialing solution was in line with the industry norm. According to CIC, given the business model of vendor credentialing service providers, the costs of revenue are generally limited to labor costs, and therefore, the gross profit margin of these providers in the United States is expected to remain at a range between 80% and 95% in the foreseeable future. Our medical credentialing solution currently has a lower profit margin than our vendor credentialing solution due to different business scale. Therefore, although the new solution is expected to contribute to our revenue and gross profit in absolute terms, it would have a significant negative impact on our overall profit margin in 2018 and is expected to do so over the next few years. Our add-on services involve suppliers of relevant services, thus incurring a larger cost of revenues compared to that of our vendor credentialing solution. Similarly, revenue from add-on services may not only contribute to the increases in our revenue and gross profit in absolute terms, it may also impact our gross profit margin as a whole given the change in revenue mix due to their cost of revenues incurred. Mainly as a result of our increased portion of revenue from add-on services, our gross profit margin decreased from 94.9% in the ten months ended October 31, 2017 to 93.6% in the ten months ended October 31, 2018.

Our Financing Capabilities

Our efforts to increase our market share, expand into new geographic markets and develop new solutions require significant cash resources, mainly to fund research and development as well as our sales and marketing activities. As a result, our financing capabilities would affect our ability to implement our growth plans. We expect to receive net proceeds of HK\$433.9 million (assuming the Over-Allotment Option is not exercised and an Offer Price of HK\$6.26 per Offer Share, being the mid-point of the Offer Price range) from the Global Offering, which is expected to benefit our ramping up of the medical credentialing solution. See “Future Plans and Use of Proceeds — Use of Proceeds” for details.

On the other hand, financing activities will increase our finance costs, which will impact our profitability. The repayment schedule of debt financing will also impose pressure on our liquidity and financial condition. Historically, we funded our expansion through cash generated from operating activities. However, given our plan to grow our medical credentialing solution and general business expansion in the next few years, we may decide to raise additional debt financing in addition to equity financing from time to time. In particular, we expect that we can be better positioned in negotiating with creditors for more favorable financing terms after becoming a public

FINANCIAL INFORMATION

company. In that case, if we cannot achieve an increase in revenue, profit and operating cash flow as expected, our results of operations and financial condition would suffer from increased financing costs.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are set forth in Notes 2 and 4 to the Accountant's Report set forth in Appendix I to this prospectus. In addition, IFRS requires that we adopt accounting policies and make estimates that our Directors believe are most appropriate under the circumstances for the purpose of giving a true and fair view of our results and financial position. Critical accounting policies are those that require management to exercise judgment and make estimates that would yield materially different results if management were to apply different assumptions or make different estimates. We believe that the most complex and sensitive judgments, because of their significance to our financial information, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results in these areas may differ from our estimates. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period.

We have identified below the accounting policies that we believe are the most critical to our financial information and that involve the most significant estimates and judgments.

IFRS 9 and IFRS 15

IFRS 9, "Financial instruments" and IFRS 15, "Revenue from contracts with customers" have been adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

We have assessed the effects of the adoption of IFRS 9 and IFRS 15 on our financial statements and identified the following areas that have been affected:

- Adoption of new impairment model. IFRS 9 requires the recognition of impairment provisions of financial assets measured at amortized cost based on expected credit losses. The Group assessed that the adoption of the new impairment methodology would not result in significant difference on bad debt provision.
- Presentation of contract liabilities in the consolidated balance sheets. IFRS 15 requires separate presentation of contract liabilities in the consolidated balance sheets. This has resulted in some reclassification in relation to our unsatisfied performance obligations. As of December 31, 2015, 2016, 2017 and October 31, 2018, contract liabilities of US\$14,866,000, US\$14,761,000, US\$15,807,000 and US\$18,171,000 respectively, should have been presented as "Deferred revenue" should IAS 18 be applied throughout the Track Record Period.

Based on our above assessment, we consider that the adoption of IFRS 9 and IFRS 15 did not have significant impact on our financial position and performance during the Track Record Period.

Revenue Recognition

Revenue is recognized to depict the transfer of a service to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The Group recognizes revenue when (or as) a performance obligation is satisfied, that is, when “control” of the services underlying the particular performance obligation is transferred to the customers. Control of the services may be transferred over time or a point in time. If control of the service transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the service.

Control of the services is transferred over time if:

- The customer simultaneously receives and consumes the benefits provided by the entity’s performance as the Group performs;
- The Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenues from credentialing and add-on services such as online training and radiation exposure monitoring is recognized over time during the paid subscription period. This revenue is recognized over time as control of the services is transferred over time when the customers simultaneously receive and consume the benefits provided by the Group’s performance. The progress towards complete satisfaction of the performance obligation is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation that best depict the Group’s performance in satisfying the performance obligation. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual days passed relative to the total contract period, as our efforts or inputs are expected evenly throughout the performance period.

Revenue from other add-on services such as criminal background check, immunization and vaccinations (including drug and antibody testing), general and professional liability insurance referral and certain pilot programs is recognized at a point in time when the services were rendered and our liabilities were discharged. This revenue is recognized at a point in time when control of the services are transferred, i.e. being when the Group has a present right to payment for the services; the customers have accepted the services; the customers have full discretion over the services, and there is no unfulfilled obligation that could affect the customers’ acceptance of the services.

FINANCIAL INFORMATION

Certain membership packages included credentialing, the expedited processing option and/or online training services. Management determines the relevant stand-alone selling price on the basis of individually observable selling price. The transaction price is allocated to each of the services on the relative stand-alone selling price determined.

When either party to a contract has performed, we present the contract in the balance sheet as a contract asset or contract liability, depending on the relationship between our performance and the customer's payment. A contract asset is our right to consideration in exchange for services that we have transferred to a customer. If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer services to the customer, we present the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer. Contract liabilities of the Group mainly represents the membership fees prepaid by subscribers for which services had not been rendered.

We do not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a result, we do not adjust any of the transaction prices for the significant financing component.

Impairment of Goodwill and Other Intangible Assets

We test annually whether goodwill has suffered any impairment. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates. Judgment is required to determine key assumptions adopted in the value in use calculation for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect our financial condition and financial performances. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statements of comprehensive profit or loss.

Useful Lives and Amortization Charges of Intangible Assets

Our management determines the estimated useful lives and related amortization charges for our intangible assets with reference to the estimated periods that we intend to derive future economic benefits from the use of these assets. Our management will revise the amortization charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore amortization expense in future periods.

FINANCIAL INFORMATION

Current and Deferred Income Taxes

We are subject to income taxes in the United States and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Deferred income tax assets relating to certain temporary differences and tax losses are recognized when our management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

Capitalization of Development Expenditures

Research expenditures are recognized as expenses when incurred. Development expenditures incurred on specific development projects are capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, our intention to complete and our ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the projects and the ability to measure reliably the expenditures during the development. Development expenditures which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine whether the criteria are met for capitalization. All development expenditures were expensed when incurred in 2015, 2016 and 2017. In the ten months ended October 31, 2018, we capitalized and expensed our development expenditures of US\$1.5 million and US\$8.3 million, respectively. As we are in the process of developing various pipeline solutions beginning in 2018, management will continue to closely assess if any capitalization of development expenditures is appropriate.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	% of		% of		% of		% of		% of	
	Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue
	(unaudited)									
	(in thousands of US\$, except percentages)									
Revenue	30,135	100.0	30,834	100.0	31,399	100.0	25,994	100.0	28,153	100.0
Cost of revenues	(1,515)	(5.0)	(1,429)	(4.6)	(1,606)	(5.1)	(1,327)	(5.1)	(1,804)	(6.4)
Gross profit	28,620	95.0	29,405	95.4	29,793	94.9	24,667	94.9	26,349	93.6
Selling and marketing expenses	(4,285)	(14.3)	(4,105)	(13.3)	(3,291)	(10.5)	(2,597)	(10.0)	(3,658)	(13.0)
General and administrative expenses	(8,321)	(27.6)	(7,459)	(24.2)	(9,864)	(31.4)	(6,859)	(26.4)	(9,851)	(35.0)
Research and development expenses	(5,734)	(19.0)	(4,212)	(13.7)	(5,877)	(18.7)	(4,646)	(17.9)	(8,311)	(29.5)
Other (losses)/gains, net	(1,591)	(5.3)	(395)	(1.3)	(987)	(3.1)	(816)	(3.1)	494	1.8
Operating profit	8,689	28.8	13,234	42.9	9,774	31.2	9,749	37.5	5,023	17.8
Finance costs	(183)	(0.6)	(120)	(0.4)	(79)	(0.3)	(66)	(0.3)	(962)	(3.4)
Finance income	52	0.2	188	0.6	813	2.6	646	2.5	662	2.4
Profit before income tax	8,558	28.4	13,302	43.1	10,508	33.5	10,329	39.7	4,723	16.8
Income tax expense	(3,740)	(12.4)	(6,293)	(20.4)	(2,696)	(8.6)	(3,045)	(11.7)	(2,048)	(7.3)
Profit for the year/period	<u>4,818</u>	<u>16.0</u>	<u>7,009</u>	<u>22.7</u>	<u>7,812</u>	<u>24.9</u>	<u>7,284</u>	<u>28.0</u>	<u>2,675</u>	<u>9.5</u>

Revenue

During the Track Record Period, substantially all of our revenue was generated in the United States, with less than one percent of our total revenue generated in the United Kingdom and Canada.

FINANCIAL INFORMATION

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

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
(unaudited)										
(in thousands of US\$, except percentages)										
Credentialing Solutions										
Vendor credentialing ⁽¹⁾ . . .	28,894	95.9	29,499	95.7	29,558	94.1	24,551	94.4	26,484	94.1
Medical credentialing	—	—	—	—	—	—	—	—	72	0.3
Subtotal	28,894	95.9	29,499	95.7	29,558	94.1	24,551	94.4	26,556	94.3
Add-On Services										
Online training ⁽²⁾	952	3.1	1,076	3.5	1,285	4.1	1,056	4.1	657	2.3
Other add-on services ⁽³⁾ . . .	289	1.0	259	0.8	556	1.8	387	1.5	940	3.3
Subtotal	1,241	4.1	1,335	4.3	1,841	5.9	1,443	5.6	1,597	5.7
Total	30,135	100.0	30,834	100.0	31,399	100.0	25,994	100.0	28,153	100.0

Notes:

- (1) Primarily including revenue from subscription of the annual membership of our vendor credentialing solution during the Track Record Period and subscription of the expedited processing option from 2015 to 2017.
- (2) We changed our membership system and have ceased to offer online training as an add-on service since January 1, 2018, when it was integrated as a part of the paying membership subscription. See “Business — Pricing and Payment — Pricing.” The revenue recognized as online training in the ten months ended October 31, 2018 represents the fees received in 2017 for subscription of online training but recognized as contract liabilities.
- (3) Primarily including revenue from radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral.

Revenue from our credentialing services primarily represented revenue from annual membership fees received from paying subscribers for our vendor credentialing solution during the Track Record Period, including, before January 1, 2018, the subscription of our expedited processing option as a part of their annual membership or separately. After January 1, 2018, we ceased to charge the expedited processing option separately. Revenue from our credentialing services accounted for 95.9%, 95.7%, 94.1%, 94.4% and 94.3% of our total revenue in 2015, 2016, 2017 and for the ten months ended October 31, 2017 and 2018, respectively. As we launched our medical credentialing solution only in March 2018, we began recognizing revenue from such solution after we received annual subscription fees. Although 72 LoCs had adopted our medical credentialing solution as of October 31, 2018, we did not recognized significant revenue from paying subscribers using our medical credentialing solution in the ten months ended October 31, 2018.

Revenue from our add-on services primarily represented (i) subscription of our online training by subscribers as a part of their annual membership or separately as an add-on service, for which we ceased to charge separate fees from January 1, 2018 and (ii) purchases of other add-on services

including radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral during the Track Record Period. Revenue from our add-on services accounted for 4.1%, 4.3%, 5.9%, 5.6% and 5.7% of our total revenue in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively. Although our other add-on services continue to grow, we expect revenue from add-on services would be negatively affected by ceasing to charge separate fees for online training services.

Our cost of revenues comprised primarily (i) employee benefits expenses, which consisted primarily of wages, salaries and bonuses paid to our employees who handle the processing and verification of the documentation for vendor credentialing solution, medical credentialing solution and add-on services and (ii) payment processing fees, which consisted of fees paid to credit card and payment processing companies. As we launched our medical credentialing solution in March 2018, we will continue to build up our medical staff primary source verification team; therefore, we expect our cost of revenues to increase in 2018 and the next few years.

Year ended December 31,						Ten months ended October 31,			
2015		2016		2017		2017		2018	
% of	% of	% of	% of	% of	% of	% of	% of	% of	% of
Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue
(unaudited)									
(in thousands of US\$, except percentages)									
403	1.3	368	1.2	331	1.1	264	1.0	372	1.3
902	3.0	859	2.8	911	2.9	789	3.0	847	3.0
210	0.7	202	0.6	364	1.1	274	1.1	585	2.1
1,515	5.0	1,429	4.6	1,606	5.1	1,327	5.1	1,804	6.4

(1) Primarily including fees paid to suppliers of services in relation to online training (which used to be an add-on service and became a part of our annual membership package since January 1, 2018) and our add-on services.

Our gross profit, which represents our revenue less cost of revenues, was US\$28.6 million, US\$29.4 million, US\$29.8 million, US\$24.7 million and US\$26.3 million in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively.

– 218 –

FINANCIAL INFORMATION

months ended October 31, 2018, primarily due to an increased portion of revenue being received from our add-on services other than online training. Add-on services involve suppliers of relevant services, thus incurring a larger cost of revenues compared to that of our vendor credentialing solution. The gross profit margin for our medical credentialing solution is expected to be lower than that of our vendor credentialing solution given more resources and expenditures are required to perform primary source verification as compared to the process of vendor credentialing. See “Business — Our Solutions and Add-On Services — Credentialing Solutions — Medical Credentialing Solution — Primary Source Verification.” Furthermore, a portion of costs related to primary source verification are incurred upfront, therefore gross profit of medical credentialing is expected to be relatively low in the initial ramp-up period and gradually increase when the medical credentialing business scales. As a result, we expect our gross profit margin to drop in the next few years.

Selling and Marketing Expenses

Our selling and marketing expenses comprised primarily (i) employee benefits expenses, which consisted primarily of wages, salaries and bonuses paid to our sales and marketing employees and (ii) promotion and advertisement expenses, which consist primarily of expenses incurred in connection with advertisement to promote our brand awareness.

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

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	% of		% of		% of		% of		% of	
	<u>Amount</u>	<u>revenue</u>	<u>Amount</u>	<u>revenue</u>	<u>Amount</u>	<u>revenue</u>	<u>Amount</u>	<u>revenue</u>	<u>Amount</u>	<u>revenue</u>
	(unaudited)									
	(in thousands of US\$, except percentages)									
Employee benefits expenses . .	2,753	9.2	2,139	6.9	1,840	5.9	1,366	5.3	2,012	7.2
Promotion and advertisement										
expenses	780	2.6	1,431	4.6	1,149	3.7	843	3.2	1,165	4.1
Others ⁽¹⁾	752	2.5	535	1.7	302	0.9	388	1.5	481	1.7
Total	<u>4,285</u>	<u>14.3</u>	<u>4,105</u>	<u>13.3</u>	<u>3,291</u>	<u>10.5</u>	<u>2,597</u>	<u>10.0</u>	<u>3,658</u>	<u>13.0</u>

Note:

- (1) Including professional service fees and operating lease charges in respect of office premises, amortization of intangible assets, and depreciation of property, plant and equipment.

In the next few years, we expect our selling and marketing expenses to increase as a result of our efforts to promote newly launched medical credentialing solution and pipeline solutions. See “Future Plans and Use of Proceeds — Use of Proceeds” for details.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses comprised primarily (i) employee benefits expenses, which consist primarily of wages, salaries and bonuses we paid to our administrative employees, including our directors and senior management, (ii) management service fees, which consist primarily of the corporate expenses and employee benefits expenses incurred by VTC Electronics and ICTW in connection with the management service provided to us, (iii) Listing expenses and (iv) operating lease charges in respect of office premises.

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

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
(unaudited)										
(in thousands of US\$, except percentages)										
Employee benefits expenses . .	2,012	6.7	2,139	7.0	3,175	10.1	2,248	8.7	2,720	9.7
Management service fees	3,397	11.3	2,630	8.5	2,546	8.1	2,085	8.0	939	3.3
Listing expenses	—	—	—	—	1,112	3.5	58	0.2	2,655	9.4
Operating lease charges in respect of office premises . .	277	0.9	284	0.9	256	0.8	220	0.8	409	1.5
Others ⁽¹⁾	2,635	8.7	2,406	7.8	2,775	8.9	2,248	8.7	3,128 ⁽²⁾	11.1
Total	8,321	27.6	7,459	24.2	9,864	31.4	6,859	26.4	9,851	35.0

Notes:

(1) Including amortization of intangible assets, depreciation of property, plant and equipment, travel expenses, insurance and general office expenses.

(2) Including audit remuneration of US\$128,000.

Research and Development Expenses

Our research and development expenses comprised primarily (i) employee benefits expenses, which consisted primarily of wages, salaries and bonuses we paid to our research and development employees and (ii) professional service fees, which consisted primarily of fees paid to providers of technology infrastructure and information systems, as we conduct research and development activities with respect to our pipeline solutions on such technology infrastructure, and technology consultancy services that we engaged for certain research and development projects.

FINANCIAL INFORMATION

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

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>
(unaudited)										
(in thousands of US\$, except percentages)										
Employee benefits expenses . . .	3,252	10.8	2,865	9.3	3,638	11.6	2,977	11.5	3,787	13.5
Professional service fees	987	3.3	389	1.3	1,407	4.5	1,036	4.0	3,200	11.3
Others ⁽¹⁾	1,495	4.9	958	3.1	832	2.6	633	2.4	1,324	4.7
Total	<u>5,734</u>	<u>19.0</u>	<u>4,212</u>	<u>13.7</u>	<u>5,877</u>	<u>18.7</u>	<u>4,646</u>	<u>17.9</u>	<u>8,311</u>	<u>29.5</u>

Note:

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

During the Track Record Period, we incurred research and development expenses primarily for activities relating to the research and development of our pipeline solutions, which we believe can increase our revenue streams from a long-term perspective, given their revenue contributions are expected to be achieved after the initial ramp-up period. We also make investments to enhance and upgrade the technology infrastructure of our platform, including investments in system security. We believe our investments in upgrading our technology infrastructure enable us to provide better user experience and secure service, which is critical to maintaining subscribers' trust in our platform and engagement with our solutions. The following table sets forth a breakdown of our research and development expenses by our research and development activity for the periods indicated:

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>	<u>Amount</u>	<u>% of revenue</u>
(in thousands of US\$, except percentages)										
Medical credentialing solution ⁽¹⁾	—	—	—	—	1,297	4.1	997	3.8	1,019	3.6
Pipeline solutions ⁽²⁾	—	—	—	—	595	1.9	315	1.21	4,194	14.9
Platform enhancement and vendor credentialing solution upgrade ⁽³⁾	4,302	14.3	2,651	8.6	2,118	6.7	1,580	6.1	836	3.0
Technology infrastructure and management ⁽⁴⁾	1,432	4.8	1,561	5.1	1,867	5.9	1,753	6.7	2,262	8.0
Total	<u>5,734</u>	<u>19.0</u>	<u>4,212</u>	<u>13.7</u>	<u>5,877</u>	<u>18.7</u>	<u>4,646</u>	<u>17.9</u>	<u>8,311</u>	<u>29.5</u>

Notes:

(1) Including expenses of primarily research and design nature related to medical credentialing solution.

FINANCIAL INFORMATION

- (2) Including expenses incurred for entity credentialing, master scheduling, E-Badge and referral and recruitment. See “Business — Our Pipeline Solutions.”
- (3) Including expenses incurred for developing new features to our platform and upgrading the user experience of vendor credentialing solution.
- (4) Including expenses incurred for enhancing the performance and security of our technology platform and management activities related to research and development.

In 2015, 2016 and 2017, our research and development expenses as a percentage of our revenue were 19.0%, 13.7% and 18.7%, respectively, but increased to 29.5% in the ten months ended October 31, 2018 compared to 17.9% in the ten months ended October 31, 2017 because we intensified our research and development efforts for our pipeline solutions. See “Business — Our Pipeline Solutions” for details. We expect to continue to make substantial investments in research and development for pipeline solutions in the second half of 2018 and the next few years. See “— Factors Affecting Our Results of Operations and Financial Condition — Introduction of New Solutions and Add-On Services” and “— Critical Accounting Policies — Capitalization of Development Expenditures.”

Other (Losses)/Gains, Net

Our other (losses)/gains, net primarily consisted of impairment loss of intangible assets, foreign exchange gains and losses, and provision and reverse of lawsuit provision.

The following table sets forth a breakdown of our other gains/(losses) of the periods indicated:

	Year ended December 31,						Ten months ended October 31,			
	2015		2016		2017		2017		2018	
	% of		% of		% of		% of		% of	
	Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue	Amount	revenue
(unaudited)										
(in thousands of US\$, except percentages)										
Impairment loss of intangible assets	(650)	(2.1)	(1,649)	(5.4)	—	—	—	—	—	—
Foreign exchange (loss)/gain . .	(414)	(1.4)	918	3.0	(887)	(2.8)	(817)	(3.1)	491	1.7
(Provision)/reverse of lawsuit provision	(500)	(1.7)	350	1.1	—	—	—	—	—	—
Others	(27)	(0.1)	(14)	—	(100)	(0.3)	1	0.0	3	0.1
Other (losses)/gains, net	(1,591)	(5.3)	(395)	(1.3)	(987)	(3.1)	(816)	(3.1)	494	1.8

Income Tax Expense

We were subject to corporate income tax in the jurisdictions where we operated during the Track Record Period. We did not generate taxable income in jurisdictions other than the United States and the United Kingdom.

FINANCIAL INFORMATION

United States

Our subsidiaries in the United States were subject to federal and state tax. The general corporate income tax was at a rate of 39%, 37%, 39%, 38% and 25% in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively. In addition, upon payment of dividends by these companies to their shareholders, withholding tax of 5% shall be imposed.

The Tax Cuts and Jobs Act of 2017, which was enacted in 2017 and effective from January 2018, reduced our applicable federal corporate income tax rate from 34% to 21% in the United States. As a result, relevant deferred tax balances as of December 31, 2017 was re-measured by the tax rate of 21%, and deferred tax of US\$318,000 was reversed in 2017.

United Kingdom

Our subsidiaries incorporated in the United Kingdom were subject to corporate income tax at a rate of 20%, 20%, 19%, 19% and 19% in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively. The operation in United Kingdom has incurred net accumulated operating losses for income tax purposes, and no income tax provisions were recorded in 2015.

The following table sets forth our income tax expense for the periods indicated:

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
				(unaudited)	
	(in thousands of US\$)				
Current income tax	3,267	6,050	2,554	2,607	1,607
Under-provision/(over-provision)	314	(136)	105	41	(158)
Deferred income tax	159	379	37	397	599
Income Tax Expense	3,740	6,293	2,696	3,045	2,048

Our effective tax rate, calculated by dividing income tax expense by profit before tax, was 43.7%, 47.3%, 25.7%, 29.5% and 43.4% in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively. Our effective tax rate increased from 2015 to 2016, primarily due to a withholding tax of 5% levied on the dividend payment of IntelliCentrics USA to Inception Point amounting to US\$2.0 million, and decreased from 2016 to 2017 due to a research and development expenditure tax relief of US\$0.6 million we claimed for our research and development expenditure incurred in the United Kingdom. Our effective tax rate increased significantly in the ten months ended October 31, 2018 compared to the same period in 2017, primarily due to significant Listing expenses incurred by our Company, which is incorporated in the Cayman Islands and not subject to corporate income tax.

FINANCIAL INFORMATION

Net Profit and Net Profit Margin

Our net profit, calculated as our profit before income tax less income tax expense, was US\$4.8 million, US\$7.0 million, US\$7.8 million, US\$7.3 million and US\$2.7 million in 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, respectively, representing a net profit margin of 16.0%, 22.7%, 24.9%, 28.0% and 9.5% in the respective periods.

Our net profit margin increased from 16.0% in 2015 to 22.7% in 2016 and remained stable at 24.9% in 2017. Our net profit margin decreased significantly from 28.0% in the ten months ended October 31, 2017 to 9.5% in the ten months ended October 31, 2018, primarily due to the increased research and development expenses for our pipeline solutions and Listing expenses, while our revenue remained largely stable.

RESULTS OF OPERATIONS

Ten Months Ended October 31, 2018 Compared with Ten Months Ended October 31, 2017

Revenue

Our revenue increased by 8.3% from US\$26.0 million in the ten months ended October 31, 2017 to US\$28.2 million in the ten months ended October 31, 2018, primarily attributable to an increase in revenue from credentialing services, and, to a lesser extent, an increase in revenue from add-on services other than online training.

Revenue from credentialing services increased by 8.2% from US\$24.6 million in the ten months ended October 31, 2017 to US\$26.6 million in the ten months ended October 31, 2018, primarily because we unified our annual membership fee at four levels, which represented a blended average annual subscription fee of US\$242.2, to a single fee of US\$287. This increase was partially offset by the effect of ceasing to charge separate fees for subscriptions to the expedited processing option since January 1, 2018 when it became a part of our annual membership package.

Revenue from add-on services increased by 10.7% from US\$1.4 million in the ten months ended October 31, 2017 to US\$1.6 million in the ten months ended October 31, 2018, primarily due to an increase in the purchases of our radiation exposure monitoring and immunization and vaccinations (including drug and antibody test services), partially offset by the effect of ceasing to charge separate fees for subscriptions to online training as an add-on service since January 1, 2018 when it became a part of our annual membership package.

Cost of Revenues

Our total cost of revenues increased by 35.9% from US\$1.3 million in the ten months ended October 31, 2017 to US\$1.8 million in the ten months ended October 31, 2018, primarily due to (i) an increase in fees paid to suppliers of services in relation to online training and other add-on services, reflecting increased purchases of these services; and (ii) to a lesser extent, an increase in employee benefits expenses as a result of increased hourly rate and an increased number of our credentialing staff.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 6.8% from US\$24.7 million in the ten months ended October 31, 2017 to US\$26.3 million in the ten months ended October 31, 2018. Our gross profit margin decreased from 94.9% in the ten months ended October 31, 2017 to 93.6% in the ten months ended October 31, 2018, primarily attributable to an increased portion of revenue being received from our add-on services other than online training, the gross profit margin of which is lower than that of our credentialing solutions.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 40.9% from US\$2.6 million in the ten months ended October 31, 2017 to US\$3.7 million in the ten months ended October 31, 2018, primarily attributable to an increase of 47.3% in employee benefit expenses from US\$1.4 million in the ten months ended October 31, 2017 to US\$2.0 million in the ten months ended October 31, 2018, which was primarily due to new hiring of sales and marketing employees to strengthen our sales and marketing force for promoting our newly launched medical credentialing solution. As a percentage of our revenue, selling and marketing expenses increased from 10.0% in the ten months ended October 31, 2017 to 13.0% in the ten months ended October 31, 2018.

General and Administrative Expenses

Our general and administrative expenses increased by 43.6% from US\$6.9 million in the ten months ended October 31, 2017 to US\$9.9 million in the ten months ended October 31, 2018, primarily attributable to a significant increase in Listing expenses from US\$58,000 in the ten months ended October 31, 2017 to US\$2.7 million in the ten months ended October 31, 2018. As a percentage of our revenue, general and administrative expenses increased from 26.4% in the ten months ended October 31, 2017 to 35.0% in the ten months ended October 31, 2018. Excluding Listing expenses, our general and administrative expenses would have remained largely stable at 26.2% and 25.6% in the ten months ended October 31, 2017 and 2018, respectively.

Research and Development Expenses

Our research and development expenses increased by 78.9% from US\$4.6 million in the ten months ended October 31, 2017 to US\$8.3 million in the ten months ended October 31, 2018, primarily in relation to the research and development of our pipeline solutions. Specifically, the increase was due to (i) a significant increase in professional service fees from US\$1.0 million in the ten months ended October 31, 2017 to US\$3.2 million in the ten months ended October 31, 2018 in relation to certain research projects for the purpose of our pipeline solutions performed by technology consulting firms commencing in 2018; and (ii) an increase of 27.2% in employee benefits expenses from US\$3.0 million in the ten months ended October 31, 2017 to US\$3.8 million in the ten months ended October 31, 2018, which was due to new hiring of research and development employees to strengthen our research and development capability for our pipeline solutions. As a percentage of our revenue, research and development expenses increased from 17.9% in the ten months ended October 31, 2017 to 29.5% in the ten months ended October 31, 2018.

FINANCIAL INFORMATION

Other (Losses)/Gains, Net

We had other gains, net of US\$0.5 million in the ten months ended October 31, 2018 compared to other losses, net of US\$0.8 million in the ten months ended October 31, 2017, primarily due to the foreign exchange gain of our UK subsidiaries resulting from the depreciation of GBP against US\$ in 2018.

Finance Costs

Our finance costs increased significantly from US\$66,000 in the ten months ended October 31, 2017 to US\$1.0 million in the ten months ended October 31, 2018, primarily due to the bank facility to finance the acquisition of Victos from ICTW as a part of the Reorganization in April 2018 (the “Reorganization Facility”).

Finance Income

Our finance income remained largely stable at US\$0.6 million and US\$0.7 million in the ten months ended October 31, 2017 and 2018, respectively.

Income Tax Expense

Our income tax expense decreased by 32.7% from US\$3.0 million in the ten months ended October 31, 2017 to US\$2.0 million in the ten months ended October 31, 2018, primarily due to (i) a significant decrease in our taxable income and (ii) the enforcement of Tax Cuts and Jobs Act of 2017 in the United States, which reduced our applicable federal corporate income tax rate from 34% to 21% in the United States effective from January 2018.

Net Profit and Net Profit Margin

Our net profit decreased by 63.3% from US\$7.3 million in the ten months ended October 31, 2017 to US\$2.7 million in the ten months ended October 31, 2018. Our net profit margin decreased from 28.0% in the ten months ended October 31, 2017 to 9.5% in the ten months ended October 31, 2018. The significant decrease in net profit and net profit margin was primarily due to the increased research and development expenses and Listing expenses, while our revenue grew at a lower rate of 8.3%.

Year Ended December 31, 2017 Compared with Year Ended December 31, 2016

Revenue

Our revenue increased by 1.8% from US\$30.8 million in 2016 to US\$31.4 million in 2017, primarily attributable to an increase in revenue from our add-on services.

Revenue from credentialing services remained stable at US\$29.5 million and US\$29.6 million in 2016 and 2017, respectively.

FINANCIAL INFORMATION

Revenue from add-on services increased by 37.9% from US\$1.3 million to US\$1.8 million, primarily due to (i) an increase in revenue from online training as a result of an increasing number of subscribers who purchased the higher level membership which included online training impacted by our sales efforts; and (ii) new add-on services launched in 2017, including immunizations and vaccinations (including drug and antibody testing), partially offset by a decrease in revenue from criminal background check.

Cost of Revenues

Our total cost of revenues increased by 12.4% from US\$1.4 million in 2016 to US\$1.6 million in 2017. The increase was primarily attributable to purchases from the suppliers of our add-on services that launched in 2017.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit and our gross profit margin remained stable in 2016 and 2017.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 19.8% from US\$4.1 million in 2016 to US\$3.3 million in 2017. The decrease was primarily attributable to: (i) a decrease of 14.0% in employee benefits expenses from US\$2.1 million to US\$1.8 million, which was primarily due to the decreased number of our sales and marketing employees because our sales and marketing efforts remained stable; and (ii) a 19.6% decrease in promotion and advertisement expenses from US\$1.4 million to US\$1.1 million due to lower follow-on expenses for our advertisement programs launched in 2016. As a percentage of revenue, our selling and marketing expenses decreased from 13.3% to 10.5%.

General and Administrative Expenses

Our general and administrative expenses increased by 32.2% from US\$7.5 million in 2016 to US\$9.9 million in 2017. The increase was primarily attributable to: (i) an increase by 52.0% in employee benefits expenses from US\$2.1 million to US\$3.3 million as a result of an increase in our senior management compensation and the compensation of our newly hired senior level employees; and (ii) Listing expenses of US\$1.1 million. As a percentage of revenue, our general and administrative expenses increased from 24.2% to 31.4%. Excluding Listing expenses, our general and administrative expenses as a percentage of our revenue was 27.9% in 2017.

Research and Development Expenses

Our research and development expenses increased by 39.5% from US\$4.2 million in 2016 to US\$5.9 million in 2017. The increase was primarily attributable to the significant increase in consultancy fees from US\$0.4 million in 2016 to US\$1.4 million in 2017 paid to technology consulting firms that we engaged for several research and development projects. As a percentage of revenue, our research and development expenses increased from 13.7% in 2016 to 18.7% in 2017.

FINANCIAL INFORMATION

Other Losses, Net

Our other losses, net increased significantly from US\$0.4 million in 2016 to US\$1.0 million in 2017, primarily due to foreign exchange loss incurred in 2017.

Finance Costs

Our finance costs decreased from US\$120,000 in 2016 to US\$79,000 in 2017, primarily due to the repayment of our short-term borrowings.

Finance Income

Our finance income increased from US\$0.2 million in 2016 to US\$0.8 million in 2017, primarily due to the increase in interest income from loans to related parties and bank deposits.

Income Tax Expense

Our income tax expense decreased from US\$6.3 million in 2016 to US\$2.7 million in 2017, primarily attributable to (i) a research and development expenditure tax relief of US\$0.6 million we claimed for our research and development expenditure incurred in the United Kingdom and (ii) the absence of withholding tax on dividends, as a result of which our effective income tax rate decreased from 47.3% in 2016 to 25.7% in 2017.

Net Profit and Net Profit Margin

As a result of the above, our net profit increased slightly from US\$7.0 million in 2016 to US\$7.8 million in 2017. Our net profit margin remained stable in 2016 and 2017.

Year Ended December 31, 2016 Compared with Year Ended December 31, 2015

Revenue

Our revenue increased by 2.3% from US\$30.1 million in 2015 to US\$30.8 million in 2016, primarily attributable to an increase in revenue from credentialing services.

Revenue from credentialing services increased by 2.1% from US\$28.9 million in 2015 to US\$29.5 million in 2016, primarily attributable to (i) an increase in the number of our paying subscribers and (ii) an increasing number of paying subscribers who purchased the higher level membership that included the expedited processing option impacted by our sales efforts.

Revenue from add-on services increased by 7.6% from US\$1.2 million to US\$1.3 million, primarily attributable to an increase of 13.0% in revenue from online training from US\$1.0 million in 2015 to US\$1.1 million in 2016 as a result of an increasing number of subscribers who purchased the higher level membership that included online training impacted by our sales efforts.

FINANCIAL INFORMATION

Cost of Revenues

Our total cost of revenues remained largely stable at US\$1.5 million in 2015 and US\$1.4 million in 2016, respectively.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased from US\$28.6 million in 2015 to US\$29.4 million in 2016, and our gross profit margin increased from 95.0% in 2015 to 95.4% in 2016.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 4.2% from US\$4.3 million in 2015 to US\$4.1 million in 2016. The decrease was primarily attributable to a 22.3% decrease in employee benefits expenses from US\$2.8 million in 2015 to US\$2.1 million in 2016 due to a decrease in total number of our sales and marketing employees because our sales and marketing efforts remained stable. The decrease was partially offset by an increase of 83.5% in promotion and advertisement expenses from US\$0.8 million in 2015 to US\$1.4 million in 2016 due to the initiation of certain advertisement programs as we launched a new marketing strategy to promote our brand awareness to the general public. As a percentage of revenue, our selling and marketing expenses decreased from 14.3% in 2015 to 13.3% in 2016.

General and Administrative Expenses

Our general and administrative expenses decreased by 10.4% from US\$8.3 million in 2015 to US\$7.5 million in 2016. The decrease was primarily attributable to a decrease of 22.6% in management service fees from US\$3.4 million in 2015 to US\$2.6 million in 2016 as a result of the decreased management service charges from VTC Electronics and ICTW. As a percentage of revenue, our general and administrative expenses decreased from 27.6% in 2015 to 24.2% in 2016.

Research and Development Expenses

Our research and development expenses decreased by 26.5% from US\$5.7 million in 2015 to US\$4.2 million in 2016. The decrease was primarily attributable to: (i) a decrease of 11.9% in employee benefits expenses from US\$3.3 million in 2015 to US\$2.9 million in 2016, primarily attributable to the decreased number of our research and development employees; and (ii) a decrease of 60.6% in professional service fees from US\$1.0 million in 2015 to US\$0.4 million in 2016, primarily attributable to a decrease in our research and development projects performed by technology consulting firms. As a percentage of revenue, our research and development expenses decreased from 19.0% in 2015 to 13.7% in 2016.

Other Losses, Net

Our other losses, net decreased by 75.2% from US\$1.6 million in 2015 to US\$0.4 million in 2016, partly as a result of the foreign exchange gain and reversal of a provision we had made in 2015 for a lawsuit, after we settled with the counterparty of the claim in 2016. For the details of lawsuit provision, see “— Discussion of Certain Key Balance Sheet Items — Other Payables and

FINANCIAL INFORMATION

Accruals.” The decrease was partially offset by the impairment loss of intangible assets of US\$1.6 million, which was attributable to the full impairment of goodwill and customer relationships in connection with the asset acquisition of VendorLink in Canada. Such impairment was primarily due to our management’s decision to change business strategies in Canada in light of the underperformance of our vendor credentialing business there subsequent to the acquisition. As comparison, in 2015 we had an impairment loss of US\$0.7 million for RepTrax, the older version of our system, which was fully replaced by our current SEC³URE platform. See Note 16 to the Accountant’s Report in Appendix I to this prospectus and “History, Reorganization and Development — Major Acquisitions — VendorLink” and “— Discussion of Certain Key Balance Sheet Items — Intangible assets” for details.

Finance Costs

Our finance costs decreased from US\$0.2 million in 2015 to US\$0.1 million in 2016, primarily due to the repayment of our short-term borrowings in 2016.

Finance Income

Our finance income increased from US\$52,000 in 2015 to US\$188,000 in 2016, primarily due to the increase in interest income from loans to related parties and bank deposits.

Income Tax Expense

Our income tax expense increased from US\$3.7 million in 2015 to US\$6.3 million in 2016, primarily due to withholding tax of US\$2.0 million levied on the dividend payment of IntelliCentrics USA to Inception Point.

Net Profit and Net Profit Margin

As a result of the above, our net profit increased by 45.5% from US\$4.8 million in 2015 to US\$7.0 million in 2016. Our net profit margin increased from 16.0% in 2015 to 22.7% in 2016.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of capital are to satisfy our working capital needs and to fund our research and development projects. During the Track Record Period, we financed our working capital primarily from (i) cash generated from operating activities, which primarily comprised cash payments we received from our subscribers for subscriptions to annual membership and add-on services, (ii) bank borrowings and (iii) proceeds from issuance of stock.

In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents which are deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. We rely on cash and cash equivalents on hand and the cash generated from operating activities as the main sources of liquidity.

FINANCIAL INFORMATION

Cash Flow

The following table sets forth a summary of our cash flow for the periods indicated:

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	(unaudited)				
	(in thousands of US\$)				
Net cash flows generated from operating activities . .	4,646	13,049	9,926	10,032	8,722
Net cash flows generated from/(used in) investing activities	1,355	(7,187)	(17,368)	(17,364)	9,757
Net cash generated from/(used in) financing activities	6,996	(1,247)	(8,998)	(9,215)	10,824
Net increase/(decrease) in cash and cash equivalents .	12,997	4,615	(16,440)	(16,547)	7,655
Cash and cash equivalents at end of period	35,877	39,440	23,714	23,500	30,841

Net Cash Flows Generated from Operating Activities

In the ten months ended October 31, 2018, our net cash generated from operating activities was US\$8.7 million, which was primarily attributable to our profit before income tax of US\$4.7 million, as adjusted by mainly (i) changes in working capital, which primarily comprised an increase in contract liabilities of US\$2.4 million and a decrease in deposits, prepayments and other receivables of US\$1.1 million, which was partially offset by a decrease in amounts due to related parties of US\$0.5 million; and (ii) income tax payment of US\$1.0 million.

In 2017, our net cash generated from operating activities was US\$9.9 million, which was primarily attributable to our profit before income tax of US\$10.5 million, as adjusted by mainly: (i) changes in working capital, which primarily comprised an increase in other payables and accruals of US\$1.8 million and an increase in contract liabilities of US\$1.0 million, which was partially offset by a decrease in amounts due to related parties of US\$0.5 million; and (ii) income tax payment of US\$3.0 million.

In 2016, our net cash generated from operating activities was US\$13.0 million, which was primarily attributable to our profit before income tax of US\$13.3 million, as adjusted by: (i) changes in working capital, which primarily comprised an increase in amounts due to related parties of US\$3.3 million and a decrease in deposits, prepayments and other receivables of US\$0.7 million which was partially offset by a decrease in other payables and accruals of US\$0.7 million; (ii) the add-back of non-cash and non-operating items, primarily comprising non-cash adjustment of an impairment loss for intangible assets of US\$1.6 million of our Canadian business; and (iii) income tax payment of US\$6.0 million.

In 2015, our net cash generated from operating activities was US\$4.6 million, which was primarily attributable to our profit before income tax of US\$8.6 million, as adjusted by: (i) changes in working capital, which primarily comprised a deduction resulting from a decrease in amounts due to related parties of US\$2.5 million, partially offset by an increase in other payables and accruals of US\$0.6 million and an increase in contract liabilities of US\$0.4 million; (ii) the add-

FINANCIAL INFORMATION

back of non-cash and non-operating items, primarily comprising non-cash adjustment of regular amortization of intangible assets of US\$0.7 million and a non-cash impairment loss of US\$0.7 million for RepTrax, the older version of our system, which was fully replaced by the SEC³URE platform in 2015; and (iii) income tax payment of US\$3.6 million.

Net Cash Flows Generated from/(Used in) Investing Activities

In the ten months ended October 31, 2018, our net cash generated from investing activities was US\$9.8 million, which was primarily attributable to repayment of loans by related parties of US\$9.1 million.

In 2017, our net cash used in investing activities was US\$17.4 million, which was primarily attributable to the increase in restricted cash of US\$20.8 million relating to the restricted deposit of US\$23.0 million provided as pledged deposit for a related party's bank facility, which was partially offset by the repayment of loans from related parties of US\$3.4 million.

In 2016, our net cash used in investing activities was US\$7.2 million, which was primarily attributable to the advance to related parties of US\$12.5 million, which was partially offset by a decrease in restricted cash of US\$5.3 million relating to the release of the restricted deposit of US\$6.0 million provided as pledged deposit for a related party's bank facility.

In 2015, our net cash generated from investing activities was US\$1.4 million, which was primarily attributable to a decrease in restricted cash of US\$1.5 million relating to restricted deposits provided as pledged deposit for a related party's bank facility.

Net Cash Flows Generated from/(Used in) Financing Activities

In the ten months ended October 31, 2018, our net cash used in financing activities was US\$10.8 million, which was primarily attributable to a deemed distribution of US\$70.0 million, which was the cash consideration we paid to ICTW to acquire Victos as a part of the Reorganization, which was partially offset by proceeds of the Reorganization Facility of US\$42.4 million and proceeds from issuance of Shares of US\$18.0 million in relation to the Pre-IPO Investments. See "History, Reorganization and Development — The Pre-IPO Investments."

In 2017, our net cash used in financing activities was US\$9.0 million, which was primarily attributable to (i) repayments of borrowings of US\$8.6 million and (ii) payment of cash dividends of US\$5.0 million, which was partially offset by (i) proceeds from issuance of stock of US\$2.8 million as part of introducing new investors, and (ii) a deemed contribution of US\$2.5 million related to the Reorganization. For the details of changes in share capital of our Company, see "Statutory and General Information — A. Further Information about Our Company — 2. Changes in Share Capital of Our Company" in Appendix V to this prospectus.

In 2016, our net cash used in financing activities was US\$1.2 million, which was primarily attributable to repayments of borrowings.

In 2015, our net cash generated from financing activities was proceeds of borrowings of US\$6.9 million.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth a breakdown of our current assets and current liabilities and total equity as of the dates indicated:

	As of December 31,			As of October 31,	As of January 31,
	2015	2016	2017	2018	2019
					(unaudited)
	(in thousands of US\$)				
Current assets					
Deposits, prepayments and other					
receivables	1,155	313	2,823	1,855	2,687
Current income tax receivable	—	1,083	314	—	—
Amounts due from related parties	306	12,582	9,223	—	—
Restricted cash	8,530	3,208	968	6,450	—
Short-term bank deposits	—	—	—	260	—
Cash and cash equivalents	35,877	39,440	23,714	30,841	20,081
Total current assets	45,868	56,626	37,042	39,406	22,768
Current liabilities					
Borrowings	10,387	9,100	500	12,664	—
Trade payables	13	11	54	43	357
Other payables and accruals	1,557	793	3,054	2,944	3,435
Amounts due to related parties	848	9,114	646	142	24
Contract liabilities	14,866	14,761	15,807	18,171	17,591
Current income tax liabilities	500	1,499	181	1,578	845
Total current liabilities	28,171	35,278	20,242	35,542	22,252
Net current assets	17,697	21,348	16,800	3,864	516
Total Equity	31,477	32,543	50,489	600	1,679

FINANCIAL INFORMATION

The following table sets forth a breakdown of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of October 31,
	2015	2016	2017	2018
	(in thousands of US\$)			
Non-current assets				
Property, plant and equipment	260	111	55	65
Intangible assets	14,078	11,994	11,717	12,953
Deposits and prepayments	118	118	18	18
Restricted cash	—	—	23,000	15,050
Total non-current assets	<u>14,456</u>	<u>12,223</u>	<u>34,790</u>	<u>28,086</u>
Non-current liabilities				
Borrowings	—	—	—	29,690
Deferred income tax liabilities	<u>676</u>	<u>1,028</u>	<u>1,101</u>	<u>1,660</u>
Total non-current liabilities	<u>676</u>	<u>1,028</u>	<u>1,101</u>	<u>31,350</u>

Deposits, Prepayments and Other Receivables

The following table sets forth our current deposits, prepayments and other receivables as of the dates indicated:

	As of December 31,			As of October 31,
	2015	2016	2017	2018
	(in thousands of US\$)			
Current:				
Other receivables	18	—	2,110	29
Prepaid expenses	1,137	313	348	783
Deferred Listing expenses	—	—	365	1,043
Subtotal	<u>1,155</u>	<u>313</u>	<u>2,823</u>	<u>1,855</u>
Non-current:				
Deposits and prepayments	<u>118</u>	<u>118</u>	<u>18</u>	<u>18</u>
Total	<u>1,273</u>	<u>431</u>	<u>2,841</u>	<u>1,873</u>

FINANCIAL INFORMATION

Our current deposits, prepayments and other receivables were US\$1.2 million, US\$0.3 million, US\$2.8 million and US\$1.9 million as of December 31, 2015, 2016 and 2017 and October 31, 2018, respectively. The decrease from December 31, 2015 to December 31, 2016 was primarily due to a significant decrease in prepaid expenses related to a marketing program paid in 2015 and expensed in 2016. The significant increase from December 31, 2016 to December 31, 2017 was primarily due to a significant increase in other receivables, which were primarily attributable to the receivables related to the CCTV Business that was assigned to USA deView, our subsidiary, by deView Electronics upon its dissolution in December 2017 in connection with the Reorganization. The decrease from December 31, 2017 to October 31, 2018 was primarily due to a significant decrease in other receivables, because substantially all of the receivables assigned by deView Electronics were collected in the ten months ended October 31, 2018, partially offset by a significant increase in deferred Listing expenses. Our non-current deposits and prepayments were US\$0.2 million, US\$0.2 million, US\$18,000 and US\$18,000, respectively, as of December 31, 2015, 2016 and 2017 and October 31, 2018, which represented the security deposit for the office lease of our headquarters.

Amounts Due from Related Parties

Amounts due from related parties consisted of loans advanced to related parties, which are non-trade in nature, and amounts due from related parties which are trade in nature. Amounts due from related parties increased from US\$0.3 million as of December 31, 2015 to US\$12.6 million as of December 31, 2016, which primarily reflected the outstanding loans totaling US\$12.5 million to related parties, which were intragroup loans before the Reorganization. Amounts due from related parties decreased to US\$9.2 million as of December 31, 2017, primarily due to the loans extended to related parties of US\$9.1 million that were outstanding. Amounts due from related parties had been settled in full by October 31, 2018. See “— Material Related Party Transactions.”

Intangible Assets

Our intangible assets included mainly (i) goodwill and customer relationships recognized as the sum of the consideration minus the fair value of the identifiable net assets acquired and transaction cost in relation to our acquisitions of VendorClear and Status Blue and certain assets of VendorLink in June 2010, March 2011 and November 2014, respectively; and (ii) capitalization of our development expenditures. For details of these acquisitions, see “History, Reorganization and Development — Major Acquisitions.” As of December 31, 2015, 2016, 2017 and October 31, 2018, we had intangible assets of US\$14.1 million, US\$12.0 million, US\$11.7 million and US\$13.0 million, respectively. The decrease of US\$2.1 million in intangible assets between December 31, 2015 and 2016 was primarily due to an impairment loss of goodwill and customer relationships in connection with the asset acquisition of VendorLink in Canada. See “— Results of Operations — Year Ended December 31, 2016 Compared with Year Ended December 31, 2015 — Other Losses, Net” for details. The increase of US\$1.2 million between December 31, 2017 and October 31, 2018 was primarily due to capitalization of the development expenditures for certain pipeline solutions as the stage of their development satisfied our criteria for capitalization.

FINANCIAL INFORMATION

We test impairment for goodwill based on certain key assumptions for each of our cash-generating unit, namely, our U.S. operation and Canada operation. For the purposes of impairment review, the recoverable amount of each cash generating unit is determined based on value-in-use calculations using cash flow projections based on our approved business plan for the purposes of impairment reviews covering a five-year period. The cash flow projection is determined based on the future annual revenue, profit margin and operating costs of the subsidiary to which goodwill belongs. As of December 31, 2015, 2016, 2017 and October 31, 2018, such key assumptions include terminal sales growth rate, operating profit margin and pre-tax discount rate. Terminal sales growth rate is based on the historical data and management's expectation on the future market. Operating profit margin is based on the operating profit margin achieved in the year immediately before the budget year, adjusted for management's expectation on the future efficiency improvements and market development. Pre-tax discount rate reflects specific risks relating to the relevant unit, which is determined using the capital asset pricing model with reference to the market information.

The table below sets forth the key assumptions used as of the dates indicated:

	<u>As of December 31,</u>			<u>As of October 31,</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
U.S. operation				
Terminal sales growth rate	5.0%	2.5%	0.5%	2.74%
Operating profit margin	40.0%	32.4%	17.2%	14.19%
Pre-tax discount rate	<u>22.0%</u>	<u>22.0%</u>	<u>14.8%</u>	<u>15.35%</u>
Canada operation				
Terminal sales growth rate	1.4%	N/A	N/A	N/A
Operating profit margin	11.4%	N/A	N/A	N/A
Pre-tax discount rate	<u>16.5%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

As of December 31, 2015, 2016 and 2017 and October 31, 2018, for our U.S. operation, when each of the key assumptions remained unchanged, the recoverable amount exceeded the carrying amount by US\$118.5 million, US\$98.9 million, US\$27.6 million and US\$50.7 million, respectively.

As of December 31, 2015, for our Canada operation, when each of the key assumptions remained unchanged, the recoverable amount exceeded the carrying amount by US\$1.5 million. Considering that the performance of our Canada operation was below expectations in 2016, our management decided to change the business strategies and revised the cash flow forecasts of our Canada operation for the year ended December 31, 2016. Based on the expected future market conditions and our management's latest business plans, a full impairment of goodwill for our Canada operation was recognized for the year ended December 31, 2016.

FINANCIAL INFORMATION

The following table sets forth a sensitivity analysis of the impact of variations in each of the key assumptions for goodwill impairment testing described above on the recoverable amount of each cash-generating unit as of the dates indicated, showing the potential impact on the recoverable amount as of the end of each year/period by applying a decrease of 300 basis points in terminal sales growth rate, a decrease of 10% in operating profit margin, and an increase of 300 basis points in pre-tax discount rate, respectively.

	As of December 31,			As of October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Terminal sales growth rate				
decrease 300 basis points				
U.S. operation	(10,577)	(8,453)	(3,562)	(10,471)
Canada operation	(1,593)	N/A	N/A	N/A
Operating profit margin				
decrease by 10%				
U.S. operation	(27,439)	(11,043)	(11,668)	(14,998)
Canada operation	(2,442)	N/A	N/A	N/A
Pre-tax discount rate				
increase 300 basis points				
U.S. operation	(33,865)	(15,341)	(7,778)	(12,467)
Canada operation	(7,554)	N/A	N/A	N/A

Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, we believe that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of each cash-generating unit. We have estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavorable possible values were assigned to those factors, the recoverable amount then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure goodwill's recoverable amount, would still exceed the carrying amount of goodwill, for our U.S. operation.

FINANCIAL INFORMATION

Restricted Cash

The current and non-current portion of our restricted cash consisted primarily of restricted deposits held at the relevant lenders as security corresponding to the current and non-current portion of relevant bank facilities, respectively. The following table sets forth our restricted cash as of the dates indicated:

	As of December 31,			As of
	2015	2016	2017	October 31,
	(in thousands of US\$)			2018
Restricted cash — current	8,530	3,208	968	6,450
Restricted cash — non-current	—	—	23,000	15,050
Total	8,530	3,208	23,968	21,500

The current portion of restricted cash decreased from US\$8.5 million as of December 31, 2015 to US\$3.2 million as of December 31, 2016, and further decreased to US\$1.0 million as of December 31, 2017, primarily due to repayment of the relevant loans. The current restricted cash as of December 31, 2017 represented the restricted deposits as security for a bank facility of our Group, which was released shortly after the balance sheet date given the underlying facility had been repaid by then. The non-current restricted cash as of December 31, 2017 represented the restricted deposits as security for a related party's bank facility, which was early released before June 30, 2018. The current and non-current restricted cash as of October 31, 2018 represented the restricted deposits as security for the Reorganization Facility.

Trade Payables

Our trade payables represent liabilities for services provided to us prior to the end of financial year which are unpaid including fees paid to suppliers of our add-on services including criminal background check, immunizations and vaccinations (including drug and antibody testing) and radiation exposure monitoring.

As of December 31, 2015, 2016 and 2017 and October 31, 2018, all of our trade payables were due within 30 days, amounting to US\$13,000, US\$11,000, US\$54,000 and US\$43,000, respectively. Our trade payables as of October 31, 2018 had been settled in full as of December 31, 2018.

FINANCIAL INFORMATION

The following table sets forth the trade payable turnover days for the period indicated:

	Year ended December 31,			Ten months ended October 31,
	2015	2016	2017	2018
Trade payable turnover days ⁽¹⁾	2.9	3.1	7.4	8.1

Note:

- (1) Turnover days of trade payables is calculated by dividing (i) average of the beginning and ending balance of trade payables of the year/period by (ii) cost of revenues for the year/period multiplied by (iii) actual number of days for the year/period.

Trade payables turnover days were 2.9 days and 3.1 days in 2015 and 2016, respectively. Our Trade payables turnover days increased to 7.4 and 8.1 days in 2017 and the ten months ended October 31, 2018, respectively, primarily due to the increased payables to the suppliers of services in relation to online training and other add-on services. Compared to credit card companies, which required immediate payment, our major suppliers for online training and other add-on services granted credit terms ranging from 15 to 30 days.

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of October 31,
	2015	2016	2017	2018
(in thousands of US\$)				
Salaries and bonuses payable	778	638	1,252	228
Listing expense payable	—	—	1,231	893
Professional service fee payable	16	25	28	726
Other tax payable	—	55	56	154
Provision for legal claims	500	—	—	—
Others ⁽¹⁾	263	75	487	943
Total	1,557	793	3,054	2,944

Note:

- (1) Including payables in relation to information technology expenses, general office expenses and advertisement expenses.

FINANCIAL INFORMATION

Our other payables and accruals amounted to US\$1.6 million, US\$0.8 million, US\$3.1 million and US\$2.9 million as of December 31, 2015, 2016 and 2017 and October 31, 2018, respectively. The decrease from December 31, 2016 to December 31, 2017 was primarily because we made a provision of US\$0.5 million in 2015 for a lawsuit accusing us of breaching contract filed by a company that we intended to acquire in 2015, and partially reversed the provision in an amount of US\$350,000 when we settled with the claimant in 2016. See “Business — Legal Proceedings and Compliance — Legal Proceedings — Dispute with ProCial” for more details. The increase from December 31, 2016 to December 31, 2017 was primarily due to (i) Listing expense payable of US\$1.2 million and (ii) an increase of 96.2% in salaries and bonuses payable from US\$0.6 million as of December 31, 2016 to US\$1.3 million as of December 31, 2017 as a result of an increase in our senior management compensation and the compensation of our newly hired senior level employees. The slight decrease from December 31, 2017 to October 31, 2018 was primarily due to (i) a decrease of 81.8% in salaries and bonuses payable from US\$1.3 million as of December 31, 2017 to US\$0.2 million as of October 31, 2018 as a result of payment of accrued bonus; and (ii) a decrease of 27.5% in Listing expense payable from US\$1.2 million as of December 31, 2017 to US\$0.9 million as of October 31, 2018, partially offset by a significant increase in professional service fees payable from US\$28,000 as of December 31, 2017 to US\$0.7 million as of October 31, 2018 as a result of (i) accounting and legal service fees and (ii) certain research projects performed by technology consulting firms commencing in 2018 in relation to our pipeline solutions.

Amounts Due to Related Parties

Amounts due to related parties consist of loans advanced from related parties and dividend payables, which are non-trade in nature, and amounts due to related parties which are trade in nature such as management fees payable and rent payable. Amounts due to related parties are unsecured, interest free, repayable on demand and dominated in U.S. dollars. Amounts due to related parties increased from US\$0.8 million as of December 31, 2015 to US\$9.1 million as of December 31, 2016, primarily due to (i) a dividend of US\$5.0 million declared but unpaid in 2016; and (ii) balances due to a related party of US\$4.0 million, which consisted primarily of management fees payable, and expense allocation of shared administrative services. Amounts due to related parties decreased to US\$0.6 million as of December 31, 2017, which were settled in full in the ten months ended October 31, 2018, primarily due to the payment of dividends for the year ended December 31, 2016 and repayment of a related party loan. The amounts due to related parties were US\$0.1 million as of October 31, 2018, which consisted of rent payables under an office lease we entered into with VTC Electronics in April 2018. All the pledged deposits secured for the related parties’ bank facilities was released before October 31, 2018. See “— Material Related Party Transactions.”

Contract Liabilities

We had contract liabilities of US\$14.9 million, US\$14.8 million, US\$15.8 million and US\$18.2 million as of December 31, 2015, 2016 and 2017 and October 31, 2018, respectively. Contract liabilities represent annual membership fees and fees for certain add-on services including online training and radiation exposure monitoring paid by our subscribers, which had not been recognized as revenue. We collect the annual membership fees in advance and amortize them over

FINANCIAL INFORMATION

the year to recognize our revenue. The unamortized membership fees and fees collected from certain add-on services that had not been rendered as of the end of the year is thus classified as contract liabilities in the consolidated statements of financial position and will be recognized as revenue over the following year. See “— Critical Accounting Policies — Revenue Recognition.” Our contract liabilities remained stable in December 31, 2015 and 2016, and increased by 7.1% in contract liabilities from December 31, 2016 to December 31, 2017, primarily due to (i) the increased number of our paying subscribers and (ii) an increasing number of paying subscribers who purchased higher level membership that included the expedited processing option and online training service. The increase of 15.0% in contract liabilities from December 31, 2017 to October 31, 2018 was primarily due to the increase of our annual membership fee since January 1, 2018.

Net Current Assets

Our net current assets increased from US\$17.7 million as of December 31, 2015 to US\$21.3 million as of December 31, 2016, primarily due to an increase in amounts due from related parties resulting from increased outstanding loans to related parties, which was partially offset by an increase in amounts due to related parties due to a declaration of dividend by us to a related party.

Our net current assets decreased from US\$21.3 million as of December 31, 2016 to US\$16.8 million as of December 31, 2017, primarily due to a decrease in cash and cash equivalents and current portion of restricted cash, partially offset by a decrease in borrowings and amounts due to related parties and an increase in other payables and accruals.

Our net current assets decreased from US\$16.8 million as of December 31, 2017 to US\$3.9 million as of October 31, 2018, primarily due to the Reorganization Facility.

We had net current assets of US\$0.5 million as of January 31, 2019, a decrease of 86.6% from US\$3.9 million as of October 31, 2018, primarily due to a decrease in cash and cash equivalents as a result of cash consideration paid upon the completion of the WAY Acquisition in December 2018. See “History, Reorganization and Development — Post-Track Record Period Acquisition” for details.

Total Equities

We had total equities of US\$31.5 million, US\$32.5 million, US\$50.5 million and US\$0.6 million as of December 31, 2015, 2016 and 2017 and October 31, 2018, respectively. The increase as of December 31, 2017 was primarily due to (i) an increase of our retained earnings due to our business expansion and net profit and (ii) an increase of other reserves as a result of a deemed contribution in connection with the Reorganization. The significant decrease as of October 31, 2018 was primarily due to the cash consideration of US\$70.0 million for the acquisition of Victos from ICTW, which was recognized as a deemed distribution, and in turn resulted in negative other reserves of US\$62.2 million. For details of this acquisition, see “History, Reorganization and Development — Our Reorganization — Reorganization Steps — Steps 3: Acquisition of the Listing Business by our Company.”

FINANCIAL INFORMATION

CAPITAL EXPENDITURE

As our primary business is to operate a credentialing platform for compliance and security purposes in the healthcare industry, we incur minimal capital expenditure for our ordinary course of business. Our capital expenditure consists primarily of expenditure on (i) property, plant and equipment, which primarily comprised computer equipment and leasehold improvements; and (ii) intangible assets, which are primarily software. Our capital expenditure was US\$115,000, US\$9,000 and US\$8,000 in 2015, 2016 and 2017, respectively. Our capital expenditure increased significantly to US\$1.6 million in the ten months ended October 31, 2018, primarily due to the capitalization of the development expenditures for certain pipeline solutions. We do not expect to incur any significant capital expenditure in 2018 and 2019 other than the capitalization of the development expenditures. The following table sets forth our capital expenditure in the periods indicated:

	Year ended December 31,			Ten months ended
	2015	2016	2017	October 31,
	(in thousands of US\$)			2018
Property, plant and equipment	19	6	8	66
Intangible assets	96	3	—	1,485
Total	115	9	8	1,551

We have primarily financed, and expect to continue to finance, our capital expenditure mainly through internally generated cash flows.

COMMITMENTS

Capital Commitment

We were committed to an initial capital injection to Sciencare Technology, a joint venture of our Company, of approximately US\$1.0 million pursuant to the agreements entered into in May 2018 as of October 31, 2018. There is no deadline in the agreements as to the time of the contribution in respect of such commitment. In February 2019, we contributed US\$0.3 million to Sciencare Technology as the first installment of our committed capital injection. Save as disclosed above, we did not have capital commitment as of the Latest Practicable Date.

FINANCIAL INFORMATION

Lease Commitment

We lease servers and office buildings under non-cancellable operating lease agreements. The lease terms are between one and five years, and the majority of lease agreements are renewable at the end of the lease period at market rate. During the Track Record Period, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As of December 31,			As of October 31,
	2015	2016	2017	2018
	(in thousands of US\$)			
No later than 1 year	269	258	277	413
Later than 1 year and no later than 5 years . . .	27	487	221	60
Total	296	745	498	473

INDEBTEDNESS

Our indebtedness includes bank borrowings and loans due to related parties. The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of October 31,	As of January 31,
	2015	2016	2017	2018	2019
	(in thousands of US\$)				(unaudited)
Borrowings					
Current	10,387	9,100	500	12,664	—
Non-current	—	—	—	29,690	29,564
Subtotal	10,387	9,100	500	42,354	29,564
Loans due to related parties	100	100	—	—	—
Total	10,487	9,200	500	42,354	29,564

See “— Discussion of Certain Key Balance Sheet Items — Amounts Due to Related Parties” for analysis of our loans due to related parties as of December 31, 2015, 2016 and 2017 and October 31, 2018. As of January 31, 2019, being the latest practicable date of our indebtedness statement, the loans due to related parties were fully settled.

As of December 31, 2015, 2016 and 2017, October 31, 2018 and January 31, 2019, we had bank borrowings of US\$10.4 million, US\$9.1 million, US\$0.5 million, US\$42.4 million and US\$29.6 million, respectively.

FINANCIAL INFORMATION

As of December 31, 2015, the current borrowing balance of US\$10.4 million consisted of (i) a borrowing of US\$2.5 million with an interest rate of 1.20%, (ii) a borrowing of US\$0.4 million with an interest rate ranging between 2.00% and 2.58%, (iii) a borrowing of US\$2.5 million with an interest rate of 0.90%, and (iv) a borrowing of US\$5.0 million with an interest rate ranging between 1.10% and 1.45%.

As of December 31, 2016, the current borrowing balance of US\$9.1 million consisted of (i) a borrowing of US\$4.8 million with an interest rate ranging between 1.17% and 1.80%, (ii) a borrowing of US\$1.1 million with an interest rate ranging between 1.50% and 2.39%, and (iii) a borrowing of US\$3.2 million with an interest rate ranging between 0.90% and 1.50%.

As of December 31, 2017, the current borrowing balance represented a borrowing of US\$0.5 million, of which the interest rate ranged between 1.50% and 3.07%.

As of October 31, 2018, the borrowing balance represented the Reorganization Facility, the interest rate of which was initially 4.34% and updated to 4.45% in October 2018. The current and non-current portion of the Reorganization Facility was US\$12.7 million and US\$29.7 million, respectively, as of the same date.

As of January 31, 2019, being the latest practicable date of our indebtedness statement, we only had the non-current portion of the Reorganization Facility outstanding, which amounted to US\$29.6 million. The Reorganization Facility is secured by certain bank deposits. See “— Discussion of Certain Key Balance Sheet Items — Restricted Cash” for details. We plan to repay the principal amount of this bank facility after we receive the proceeds from the Global Offering. See “Future Plans and Use of Proceeds — Use of Proceeds.” In addition, we had lease liabilities of US\$53,000 as of January 31, 2019, which represented our outstanding leases in respect of a vehicle. Since we adopted IFRS 16 with effect from January 1, 2019, these outstanding leases were accordingly recognized in the form of assets (for the right of use) and financial liabilities (for the payment obligations) on our statement of financial position starting from the same date. For details of our adoption of IFRS 16, see Note 2.1 to the Accountant’s Report in Appendix I to this prospectus.

Save as disclosed above and “— Contingent Liabilities” below, as of January 31, 2019, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, or hire purchase commitments, guarantees or other contingent liabilities, nor were we subject to any material covenants relating to our outstanding debts.

As of the Latest Practicable Date, we did not have any unutilized banking facility.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that we will have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus after taking into account the following factors:

- (a) As of January 31, 2019, we had cash and cash equivalents of US\$20.1 million and non-current restricted cash of US\$15.1 million. The restricted cash was deposited as security for the bank facility and will be released when we repay the loan;

FINANCIAL INFORMATION

- (b) A large portion of our total current liabilities as of October 31, 2018 were contract liabilities of US\$18.2 million, representing the annual membership fees received from our paying subscribers which have not been recognized as revenue; these current liabilities do not require cash payments when they are recognized as revenue; and
- (c) We continuously generated positive cash inflow from operating activities during the Track Record Period. In 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018, we had net cash generated from operating activities of US\$4.6 million, US\$13.0 million, US\$9.9 million, US\$10.0 million and US\$8.7 million, respectively.

After due consideration of the foregoing factors and discussions with our management, the Sole Sponsor has no reason to believe that the Directors' foregoing belief is unreasonable.

Our Directors confirm that we did not have any default in payment of trade payables, bank borrowings or any breach of financial covenants during the Track Record Period. As of the date of this prospectus, we do not have any definitive external financing plan.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period prior to the completion of the Reorganization, we entered into certain transactions with related parties pursuant to which we received management service fees from, and shared administrative services with, certain related parties on an ongoing basis, which discontinued before October 31, 2018. In addition, we extended unsecured loans to certain related parties, which were fully repaid before October 31, 2018, and provided pledged deposit for a related party's bank facility, which was fully released before October 31, 2018. In April 2018, we entered into a lease agreement with VTC Electronics, pursuant to which we leased a property from VTC Electronics for office purposes for a term of no more than three years. The office lease will continue after the Listing. As the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules are less than 0.1%, the transaction contemplated under such lease agreement is fully exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For more details of our transaction with related parties, see “— Discussion of Certain Key Balance Sheet Items — Amounts Due from Related Parties”, “— Discussion of Certain Key Balance Sheet Items — Amounts Due to Related Parties” and Note 29 to the Accountant's Report in Appendix I to the prospectus.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

CONTINGENT LIABILITIES

As of January 31, 2019 and the Latest Practicable Date, we were involved in a pending litigation with a former employee of IntelliCentrics USA as disclosed in “Business — Legal Proceedings and Compliance — Legal Proceedings — Dispute with a Former Employee” and Note 31 to the Accountant’s Report in Appendix I to this prospectus. Save as disclosed above, we did not have any material contingent liabilities as of the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth key financial ratios as of and for the periods ended the dates indicated:

	<u>As of and for the year ended December 31,</u>			<u>As of and for the ten months ended October 31,</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Gross profit margin	95.0%	95.4%	94.9%	93.6%
Net profit margin	16.0%	22.7%	24.9%	9.5%
Current ratio ⁽¹⁾	1.6	1.6	1.8	1.1
Gearing ratio ⁽²⁾	33.3%	28.3%	1.0%	7,059.0%
Return on equity ⁽³⁾	16.5%	21.9%	18.8%	N/A
Return on assets ⁽⁴⁾	8.7%	10.9%	11.1%	N/A

Notes:

- (1) Current ratio is calculated by dividing (i) current assets by (ii) current liabilities as of the date indicated.
- (2) Gearing ratio is calculated by dividing (i) total debts by (ii) total equity.
- (3) Return on equity is calculated by dividing (i) profit for the year/period by (ii) the average of the beginning and end balance of total equity of the year/period.
- (4) Return on assets is calculated by dividing (i) profit for the year/period by (ii) the average of the beginning and end balance of total assets of the year/period.

Gross Profit Margin

For details of our gross profit margin, see “— Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin.”

Net Profit Margin

For details of our net profit margin, see “— Consolidated Statements of Profit or Loss — Net Profit and Net Profit Margin.”

FINANCIAL INFORMATION

Current Ratio

Our current ratio was relatively stable at 1.6 as of December 31, 2015 and 2016 and increased to 1.8 as of December 31, 2017. The increase from 2016 to 2017 was primarily attributable to the decrease of borrowings and loans due to related parties. Our current ratio decreased to 1.1 as of October 31, 2018, primarily due to (i) a significant increase in borrowings as a result of the Reorganization Facility; and (ii) a decrease in loans advanced from related parties, which was partially offset by a significant increase in cash and cash equivalents due to the Pre-IPO Investments. See “— Discussion of Certain Key Balance Sheet Items — Net Current Assets” for details.

Gearing Ratio

Our gearing ratio was 33.3%, 28.3%, 1.0% and 7,059.0% as of December 31, 2015, 2016 and 2017 and October 31, 2018, respectively. The significant decrease in gearing ratio as of December 31, 2016 was primarily due to repayment of bank borrowings and an increase in retained earnings. The significant decrease in gearing ratio as of December 31, 2017 was primarily due to (i) a significant increase in other reserves as a result of the Reorganization; (ii) an increase in retained earnings; and (iii) repayment of loans due to related parties. The significant increase as of October 31, 2018 was primarily due to (i) the Reorganization Facility and (ii) the significant decrease in total equity as a result of the Reorganization, details of which are set out in “— Discussion of Certain Key Balance Sheet Items — Total Equities.”

Return on Equity

Our return on equity was 16.5%, 21.9% and 18.8% in 2015, 2016 and 2017, respectively. The increase from 2015 to 2016 was primarily due to the increase in net profit. The decrease from 2016 to 2017 was primarily due to significant increases of retained earnings from net profit, share premium from issuance of stock and other reserves as a result of the Reorganization.

Return on Assets

Our return on assets was 8.7%, 10.9% and 11.1%, respectively, in 2015, 2016 and 2017. The increase from 2015 to 2016 to 2017 was primarily due to the increase in net profit. The return on assets was relatively stable in 2016 compared to 2017.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

FINANCIAL INFORMATION

Market Risk

Market risk is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in market prices. We are exposed to market risks including foreign exchange risk and cash flow and fair value interest rate risk.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency. The functional currency of the Company and our subsidiaries operating in the USA is US\$. The functional currency of our subsidiaries operating in the United Kingdom and Canada and our branch in Taiwan are GBP, CAD and NTD, respectively.

We operate mainly in the US with most of the transactions settled in US\$. Our management considers that our business is not exposed to any significant foreign exchange risk as we have no significant financial assets or liabilities denominated in the currencies other than US\$.

Cash Flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates and we have no significant interest-bearing assets except for bank balance and restricted cash, details of which have been disclosed in Notes 19 and 20 to the Accountant's Report in Appendix I to this prospectus, respectively.

Our exposure to changes in interest rates is also attributable to our borrowings, details of which have been disclosed in Note 21 to the Accountant's Report in Appendix I to this prospectus. Borrowings carried at floating rates expose us to cash flow interest-rate risk whereas those carried at fixed rates expose us to fair value interest-rate risk.

For quantitative analysis in respect of our exposure to cash flow and fair value interest rate risk, see Note 3.1 (a)(ii) to the Accountant's Report in Appendix I to this prospectus.

Credit Risk

We are exposed to credit risk primarily in relation to our cash and deposits (including term deposits) placed with banks and financial institutions, as well as other receivables. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with reputable financial institutions with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

FINANCIAL INFORMATION

Other receivables mainly comprise amounts due from related parties, deposits and other receivables. We closely monitor these other receivables to ensure actions are taken to recover these balances in the case of any risk of default. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables. For further details of measures to manage credit risk arising from other receivables, see Note 3.1(b) to Accountant's Report in Appendix I to this prospectus.

The historical loss rate for amounts due from related parties, deposits and other receivables is low. Thus, no impairment provision recognized for those receivables as the expected credit loss was not material during the Track Record Period.

Liquidity Risk

Liquidity risk is the risk of not having access to sufficient funds or being unable to liquidate a position in a timely manner at a reasonable price to meet our obligations as they become due. We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate cash and cash equivalents and credit facilities. For the maturity profile of our financial liabilities based on the remaining period at the end of each reporting period to the contractual maturity date, see Note 3.1(c) to the Accountant's Report in Appendix I to this prospectus.

Capital Risk Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. We monitor capital on the basis of the gearing ratio. For more details of our gearing ratio during the Track Record Period, see “— Key Financial Ratios — Gearing Ratio.”

DIVIDEND

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries.

Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

FINANCIAL INFORMATION

Historically, the Company has not declared or paid any dividend to our Shareholders, and there is no assurance that dividends of any amount will be declared or distributed in any year. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio. We did not have any distributable reserves as of October 31, 2018, and currently do not intend to declare dividends for the year ended December 31, 2018. Furthermore, our total equity excluding non-controlling interests, which was US\$1.0 million as of December 31, 2018, will constitute a limit of our ability to distribute dividends in the near future, though it is expected to increase immediately following the completion of the Global Offering. Our dividend distribution is subject to conditions and factors including, among others, our financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, interests of the Shareholders and any restrictions on payment of dividends. As we intend to maintain adequate cash reserves for meeting working capital requirements for our fast growth in the near future, we target to distribute dividends ranging from 3% to 10% of our annual net profits for the year ending December 31, 2019.

In 2015, 2016, 2017 and the ten months ended October 31, 2018, dividends declared by the companies now comprising our Group to the then owners of the companies, after eliminating intra-group dividends, were US\$0, US\$5.0 million, US\$0 and US\$0, respectively. Dividends distributed in the past may not be indicative of our dividend payments in the future.

DISTRIBUTABLE RESERVES

As of October 31, 2018, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting and other fees incurred in connection with the Listing. We expect our total Listing expenses to be approximately US\$9.2 million (based on the mid-point of the indicative price range and assuming the Over-Allotment Option is not exercised), of which US\$2.8 million will be directly attributable to the issue of our Shares and capitalized. In addition, US\$1.1 million and US\$2.7 million was charged as expenses, in 2017 and the ten months ended October 31, 2018, respectively, and the remaining US\$1.3 million and US\$1.3 million will be expensed in the last two months of 2018 and in 2019, respectively.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as of October 31, 2018 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of their hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at October 31, 2018 or at any future dates.

	Audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at October 31, 2018⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾	Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾	
	US\$'000	US\$'000	US\$'000	US\$	HK\$
Based on an Offer Price of HK\$5.32 per Share	(12,353)	49,941	37,588	0.08	0.65
Based on an Offer Price of HK\$7.19 per Share	(12,353)	68,580	56,227	0.13	0.98

Notes:

- (1) The audited consolidated net tangible liabilities information of the Group attributable to the equity holders of the Company as of October 31, 2018 is extracted from the Accountant's Report in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at October 31, 2018 of US\$600,000 with an adjustment for the intangible assets as of October 31, 2018 of US\$12,953,000.
- (2) The estimated net proceeds to be received by the Company from the Global Offering are based on the indicative Offer Price of HK\$5.32 and HK\$7.19 per Share, respectively, after taking account of using the net proceeds of US\$15,050,000 to repay the outstanding balance of bank borrowings, net of the restricted cash balance, excluding Listing expenses of approximately US\$3,767,000 which have been accounted for prior to October 31, 2018 by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, or any Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue and repurchase Shares, for further information of which see "Statutory and General information — A. Further Information about Our Company — 3. Resolutions of the Shareholders passed on March 14, 2019" in Appendix V to this prospectus.

FINANCIAL INFORMATION

- (3) The unaudited pro forma net tangible assets per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 449,470,655 Shares were in issue assuming that the Global Offering had been completed on October 31, 2018 but take no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, or any Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue and repurchase Shares, for further information of which see “Statutory and General information — A. Further Information about Our Company — 3. Resolutions of the Shareholders passed on March 14, 2019” in Appendix V to this prospectus.
- (4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to October 31, 2018.
- (5) For the purposes of the unaudited pro forma adjusted net tangible assets, the amounts stated in U.S. dollars are converted into Hong Kong dollars at a rate of US\$1.00 to HK\$7.8195. No representation is made that United States dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

RECENT DEVELOPMENTS

In December 2018, we acquired WAY, a company principally engaged in providing credentialing services in the United Kingdom, for a total cash consideration of £2,545,000 (equivalent to approximately US\$3,232,150). We expect the acquisition of WAY to help our Group further penetrate the credentialing market in the United Kingdom.

Subsequent to October 31, 2018, we continue to develop our vendor credentialing solution and expand our medical credentialing solution. As of December 31, 2018, we had 10,679 LoCs adopting our vendor credentialing solution, among which 10,471 were in the United States, eight in Canada and 200 in the United Kingdom, respectively. As of December 31, 2018, the LoCs adopting our medical credentialing solution increased significantly to 723. As of December 31, 2018, we had 123,337 paying subscribers comprised of 119,205 paying subscribers in the United States (including 118,331 vendor subscribers and 874 medical staff subscribers), 4,075 vendor subscribers in the United Kingdom and 57 vendor subscribers in Canada, respectively. For the year ended December 31, 2018, the acquisition cost per paying subscriber was US\$35.1, representing an increase of 32.0% from 2017, primarily because we hired new sales and marketing professionals to strengthen our sales and marketing force to promote the new medical credentialing solution launched in March 2018.

In January 2019, we acquired 111 additional LoCs and 374 additional paying subscribers of our medical credentialing solution, respectively, while the number of LoCs and paying subscribers of our vendor credentialing solution remained largely stable. As of January 31, 2019, we had 10,691 LoCs adopting our vendor credentialing solution, among which 10,475 were in the United States, nine in Canada and 207 in the United Kingdom, respectively. As of January 31, 2019, the LoCs adopting our medical credentialing solution further increased to 834. As of January 31, 2019, we had 123,639 paying subscribers comprised of 119,529 paying subscribers in the United States (including 118,281 vendor subscribers and 1,248 medical staff subscribers), 4,057 vendor subscribers in the United Kingdom and 53 vendor subscribers in Canada, respectively.

Our Directors expect our net profit for the year ended December 31, 2018 to decline as compared to 2017, and the factors affecting our net profit in 2018 to continue to affect us in 2019. Primarily due to the increased research and development expenses for our pipeline solutions and Listing expenses, our net profit decreased by 63.3% from US\$7.3 million in the ten months ended October 31, 2017 to US\$2.7 million in the ten months ended October 31, 2018, and our net profit

FINANCIAL INFORMATION

margin decreased from 28.0% in the ten months ended October 31, 2017 to 9.5% in the ten months ended October 31, 2018. See “— Results of Operations” for details. However, our Directors are of the view that the decline in net profit for the ten months ended October 31, 2018 does not indicate a long-term trend of deteriorating financial position and that we are able to continuously generate positive operating cash flow based on the following considerations of our operating conditions and business prospects:

- (a) Our net cash flow generated from operating activities reached US\$8.7 million in the ten months ended October 31, 2018, primarily attributable to the increase in the annual membership fee, which took effect from January 1, 2018; this effect is expected to continue in the rest of 2018 and 2019 as more paying subscribers renew their annual membership;
- (b) Our Directors expect our revenue and gross profit for the year ended December 31, 2018 to increase moderately as compared to 2017 based on the fact that we maintained a stable number of paying subscribers as of October 31, 2018; each of our paying subscribers paid an annual membership fee, which was raised since January 1, 2018 to US\$287;
- (c) The annual churn rate of our paying subscribers was only 1.4%, 1.2%, 1.2% and 1.6% respectively, in 2015, 2016, 2017 and 2018; and
- (d) The decrease in our net profit in the ten months ended October 31, 2018 was primarily attributable to (i) the increased research and development expenses for our pipeline solutions and (ii) Listing expenses; we are closely monitoring such expenses in our course of business and are able to decide to spend less on research and development if we desire.

Our Directors expect our net profit to decline in 2018 as compared to 2017 based on the following reasons:

- (a) the primary factors leading to a decline in net profit in the ten months ended October 31, 2018 as compared to the same period of 2017, including (i) an increase in research and development expenses and (ii) Listing expenses, continued to affect our results of operations in the last two months of 2018; and
- (b) our selling and marketing expenses increased substantially as compared to 2017, primarily due to new hiring of sales and marketing employees to strengthen our sales and marketing force for promoting our newly launched medical credentialing solution, most of whom joined us in late 2018.

These factors are expected to continue to affect us in 2019. Furthermore, our Directors further expect our net profit in 2019 will also be affected by:

- (a) a substantial increase in our selling and marketing expenses in 2019 as compared to 2018 because we plan to hire additional sales and marketing employees and launch various marketing programs. See “Future Plans and Use of Proceeds — Use of Proceeds” for details; and

FINANCIAL INFORMATION

- (b) higher growth rate of cost of revenues than that of revenue in 2019, primarily attributable to (i) amortization of capitalized development expenditures for our pipeline solutions; (ii) increasing payment processing fees charged each time payment for a subscription to our annual membership is made, reflecting the expected increase in the number of our paying subscribers, while revenue from such subscriptions is recognized on a deferred basis; and (iii) increasing employee benefit expenses as we will continue to build up our team for medical staff primary source verification.

Save as disclosed above, there has been no event since October 31, 2018 up to the date of this prospectus that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under rules 13.13 to 13.19 of the Listing Rules.

We have included in Appendix III to this prospectus unaudited preliminary financial information for the year ended December 31, 2018, which is prepared in compliance with the content requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules and has been agreed with the Reporting Accountant following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Our goal is to become the operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry. We intend to achieve this through our business strategies, details of which are set out in “Business — Our Strategies” of this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering will be HK\$433.9 million (after deduction of underwriting commissions and any discretionary incentive fee which may be payable by us in connection with the Global Offering), assuming the Over-Allotment Option is not exercised and an Offer Price of HK\$6.26 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus. We intend to use the net proceeds for the following purposes:

- (i) Approximately HK\$38.3 million (equivalent to US\$4.9 million, representing approximately 8.8% of the net proceeds) will be used for funding potential acquisitions and developing strategic alliances that can complement our existing market share, improve our market position and diversify our solutions and add-on services. We primarily target companies that can contribute to the growth of our registered LoC base and paying subscriber base, in particular subscribers to our medical credentialing solution. For example, we could target companies engaged in information platform business related to healthcare industry in geographical areas where we currently have a relatively low LoC market share. We are also interested in acquisition targets that could bring in additional subscriber base to our platform immediately, though our more immediate focus will be to scale up our medical credentialing solution, to grow medical staff subscribers by attracting more LoCs, and to introduce new innovative products with the aim of growing average revenue per paying subscriber. In other countries where we operate, we intend to review healthcare platforms which can help us further penetrate the market. Specifically, we plan to expand our business into major markets in the European Union. In addition, we would be interested in companies possessing advanced technologies and abilities that can improve customer experience and engagement. Under such criteria, we are seeking opportunities for strategic transactions with technology companies providing services to healthcare industry participants in the United States and major markets in the European Union. As of the Latest Practicable Date, we had no specific target. We plan to initiate negotiation and transaction once we identify potential targets of the size between US\$10 million and US\$50 million in terms of annual revenue that satisfy our criteria. See “Business — Our Strategies — Selectively Pursue Strategic Alliances, Investments and Acquisition Opportunities” for details of potential acquisition targets;
- (ii) Approximately HK\$234.6 million (equivalent to US\$30.0 million, representing approximately 54.1% of the net proceeds) will be used for sales and marketing efforts, primarily for promoting our newly launched medical credentialing solution and pipeline solutions over the next three years.

FUTURE PLANS AND USE OF PROCEEDS

Approximately 47.3% of the budget will be used to build up and sustain over the three-year period an additional team of approximately 30 high-quality sales and marketing professionals. Their salaries beyond this period are expected to be funded by our operating cash. We believe the compensation packages being offered to these professionals are in line with the markets in which the positions will be hired.

The remaining 52.7% will be used to deploy various branding and advertising programs, perform market research and automate our marketing system. The following table sets forth a breakdown of the net proceeds to be used for our major sales and marketing programs over the next three years:

	Year ending December 31,		
	2019	2020	2021
	(in millions of US\$)		
New product introduction marketing	1.0	2.2	3.0
Industry events and sponsorship opportunities	0.5	1.0	1.0
“5-Ring Award” program and local branding	0.3	1.0	1.0
Key opinion leader panel	0.1	0.3	0.3
Market research	—	1.0	1.3
Marketing automation	0.2	0.6	1.0
Total	2.1	6.1	7.6

See “Business — Sales and Marketing” for details of the above-mentioned programs;

- (iii) Approximately HK\$117.7 million (equivalent to US\$15.1 million, representing approximately 27.1% of the net proceeds) will be used for repaying the principal amount under a bank facility in connection with the Reorganization pursuant to a covenant requiring us to repay the loan using the net proceeds from the Global Offering. The bank facility had a term of three years to be matured upon April 16, 2021 with an interest rate of 4.45% as of December 31, 2018; and
- (iv) Approximately HK\$43.4 million (equivalent to US\$5.5 million, representing approximately 10.0% of the net proceeds) will be used for working capital and other general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-Allotment Option) are either more or less than expected, we will adjust our allocation of the net proceeds, after repaying the principal amount of the bank facility, for the purposes set forth in paragraph (i). We estimate that we will receive from the Global Offering net proceeds, after deducting the underwriting fees and estimated expenses payable by us in connection with the Global Offering, in the amount as set forth in the following table:

	<u>Assuming the Over-Allotment Option is not exercised</u>	<u>Assuming the Over-Allotment Option is exercised in full</u>
	(in millions of HK\$)	
Assuming an Offer Price of HK\$5.32 per		
Offer Share (being the low end of the Offer		
Price range stated in this prospectus)	361.1	423.0
Assuming an Offer Price of HK\$6.26 per		
Offer Share (being the mid-point of the		
Offer Price range stated in this prospectus) .	433.9	509.8
Assuming an Offer Price HK\$7.19 per		
Offer Share (being the high end of the Offer		
Price range stated in this prospectus)	506.8	596.7

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes and to the extent permitted by applicable laws and regulations, our Directors may allocate part or all of the proceeds to short-term interest-bearing deposits and/or money-market instruments and/or principal-guaranteed wealth management products with authorized financial institutions and/or licensed banks. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

UNDERWRITING

HONG KONG UNDERWRITERS

Hong Kong Underwriters

CLSA Limited
AMTD Global Markets Limited
Yuanta Securities (Hong Kong) Company Limited
Aristo Securities Limited

Joint Global Coordinators

CLSA Limited
AMTD Global Markets Limited

Joint Bookrunners and Joint Lead Managers

CLSA Limited
AMTD Global Markets Limited
Yuanta Securities (Hong Kong) Company Limited

Co-Manager

Aristo Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 8,090,000 Hong Kong Public Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus and the Application Forms at the Offer Price.

Subject to the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned herein (including any additional Shares which may be issued pursuant to the exercise of the Over-Allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe, or procure subscribers to subscribe for the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and conditions as set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for termination

CLSA Limited (for itself and on behalf of the Hong Kong Underwriters) and the Sole Sponsor shall be entitled by notice (orally or in writing) to the Company, to terminate the Hong Kong Underwriting Agreement upon the occurrence of any of the following events before 8: 00 a.m. on the Listing Date:

- (i) there develops, occurs, exists or comes into effect:
 - (a) any local, national, regional or international events or series of events in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions (in whatever form, directly or indirectly), strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the United States, the United Kingdom, Singapore, Japan, any members of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change, or any development involving a prospective change, or any event or series of events likely to result in or represent a change or development, or prospective change (whether or not permanent) or development, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, and inter-bank markets and credit markets, or any monetary or trading settlement system, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the RMB against any foreign currencies) in or affecting any of the Relevant Jurisdictions; or
 - (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the SEHK, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
 - (d) any general moratorium on commercial banking activities in any Relevant Jurisdiction or any material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any Relevant Jurisdiction; or

UNDERWRITING

- (e) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions not disclosed in this prospectus; or
- (f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (g) any change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the RMB against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions adversely affecting an investment in the Shares; or
- (h) any litigation or claim of any third party being threatened or instigated against any member of the Group, the executive Directors, and/or the Controlling Shareholders not disclosed in this prospectus; or
- (i) an executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (j) the chairman or chief executive officer of the Company vacating his or her office; or
- (k) the commencement by any regulatory or political body or organization of any investigation or action against a Director or an announcement by any Authority or political body or organization that it intends to investigate or take any such action; or
- (l) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (m) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including any additional Shares under the exercise of the Over-Allotment Option) pursuant to the terms of the Global Offering; or
- (n) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or
- (o) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any

UNDERWRITING

resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group, or

- (p) any adverse change or prospective adverse change in the earnings, business, business prospects, financial or trading position, or conditions (financial or otherwise) of the Group (including as a result of any litigation or claim being threatened or instigated against any member of the Group); or
- (q) any change or prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (r) a valid demand by any creditor for repayment or payment of any indebtedness of the Group or in respect of which the Group is liable prior to its stated maturity, or any loss or damage sustained by the Company or any of its subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (s) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC,

which, individually or in the aggregate, in the sole and absolute opinion of CLSA Limited and the Sole Sponsor (1) has or will or may or could be expected to have an adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, financial or trading position, or performance of the Group as a whole; or (2) has or will have or may be expected to have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may or could be expected to have the adverse effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (ii) there has come to the notice of any of the Joint Global Coordinators or the Sole Sponsor:
 - (a) that any statement contained in any of the Application Forms, this prospectus and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was,

UNDERWRITING

when it was issued, or has become, untrue, incorrect in any material respect, or misleading or deceptive in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Application Forms, this prospectus and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

- (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, result in a misstatement therein, or constitute an omission from any of the Application Forms, this prospectus and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
- (d) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties pursuant to Clause 12; or
- (e) any adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, financial or trading position, or performance of any member of the Group; or
- (f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any material respect, any of the Warranties; or
- (g) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (i) any person (other than the Sole Sponsor) has withdrawn or is subject to withdraw its consent to being named in this prospectus or to the issue of this prospectus.

UNDERWRITING

Restrictions pursuant to the Listing Rules

(i) Restriction on further issue of Shares by us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our Shares commence dealing on the Hong Kong Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except: (a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or (b) pursuant to the Global Offering (including the Over-Allotment Option).

(ii) Restriction on disposal of Shares by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to each of the Hong Kong Stock Exchange and our Company that, except pursuant to the Global Offering (including the Over-Allotment Option), he/it shall not and shall procure that the relevant registered Shareholder(s) shall not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders have further undertaken to the Hong Kong Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

- (a) when he/it pledges or charges any Shares or securities of our Company or interests therein beneficially owned by it/him in favor of any authorized institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company, the Sole Sponsor and the Joint Global Coordinators in writing of such pledge or charge together with the number of securities so pledged or charged; and

UNDERWRITING

- (b) when he/it receives indications, either verbal or written, from the pledgee or charges that any of Shares or the securities of our Company pledged or charged will be disposed of, immediately inform our Company, the Sole Sponsor and the Joint Global Coordinators in writing of such indications.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by the Controlling Shareholders and disclose such matters by way of an announcement to be published as required under the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(i) Undertaking by us

We have undertaken to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that the Company shall, and each of the Controlling Shareholders undertake to the Hong Kong Underwriters to procure that the Company shall, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), except pursuant to the Global Offering (including pursuant to the Over-Allotment Option) not without the prior written consent of the Sole Sponsor and CLSA Limited (for itself and on behalf of the Hong Kong Underwriters), and subject always to compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any shares or other securities of operating subsidiaries of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or any shares or other securities of operating subsidiaries of the Company, as applicable, or any interest in any of the foregoing), or deposit any Shares or other securities of the Company or any shares or other securities of operating subsidiaries of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of the Company or any shares or other securities of operating subsidiaries of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to

UNDERWRITING

receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or any shares or other securities of operating subsidiaries of the Company, as applicable or any interest in any of the foregoing); or

- (c) enter into any transaction with the same economic effect as any transaction specified above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified above.

In the event that our Company does any of the foregoing or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company shall take all reasonable steps to ensure that any such act, if done, will not create a disorderly or false market in the securities of our Company.

(ii) *Undertaking by the Controlling Shareholders*

Each of the Controlling Shareholders undertake to us and the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and CLSA Limited (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, each of them:

- (a) will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing); or (iii) enter into any transaction with the same economic effect as any transaction specified in (a)(i) or (a)(ii) of this paragraph; or (iv) offer to or agree to or announce any intention to effect any transaction specified in (a)(i), (a)(ii) or (a)(iii) of this paragraph, in each case, whether any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) of this paragraph is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

UNDERWRITING

- (b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company,

provided nothing in this Clause shall prevent the Controlling Shareholders from (i) facilitating the share lending arrangement as described in this prospectus and undertaking any action in connection with the Over-Allotment Option; or (ii) transferring any Shares to trust(s) controlled by Mr. Lin, subject to the Controlling Shareholders complying with the requirements of the Listing Rules.

Undertaking by certain of our Shareholders

In addition to the undertakings given by certain Pre-IPO Investors, details of which are set out in the section headed “History, Reorganization and Development — The Pre-IPO Investments”, Mr. Sheehan Trust entered into a deed of lock-up undertaking (the “**Lock-up Undertaking Deed**”) in favour of the Company. Pursuant to the Lock-up Undertaking Deed, Mr. Sheehan Trust agrees that, without the prior written consent of the Company, it will not, from the date of the Lock-up Undertaking Deed and ending on, and including the date falling six months after the Listing Date (the “**Six Month Period**”), dispose of any Shares held by it on the date of issue of the Lock-up Undertaking Deed and/or the Listing Date (the “**Relevant Shares**”).

For the purpose of the Lock-up Undertaking Deed, ‘dispose of’ means:

- (A) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Relevant Shares or other equity securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or deposit any Relevant Shares or other equity securities of the Company with a depositary in connection with the issue of depositary receipts;
- (B) enter into any option, swap or other arrangement that transfers to another, in whole or in part, any beneficial and/or economic consequences of ownership of the Relevant Shares or any other equity securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing);

UNDERWRITING

(C) enter into any transaction, directly or indirectly, with the same economic effect as any transaction specified in paragraphs (A) or (B) above; or

(D) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (A), (B) or (C) above,

in each case, whether any of the transactions specified in paragraphs (A), (B) or (C) above is to be settled by delivery of Relevant Shares or other equity securities of the Company or in cash or otherwise (whether or not the issue of Relevant Shares or other equity securities will be completed within the aforesaid period).

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, amongst others, the International Underwriters and the Joint Global Coordinators. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions set out therein, will agree to procure subscribers or purchasers for the International Offer Shares, failing which it agrees to subscribe for or purchase the International Offer Shares which are not taken up under the International Offering.

We expect to grant the Over-Allotment Option to the International Underwriters and exercisable by CLSA Limited on or before Saturday, April 20, 2019, being the 30th day from the last day for the lodging of Application Forms under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 12,135,000 Offer Shares, representing in aggregate 15% of the Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations, if any, in the International Offering, or undertake stabilization action as described in the section headed “Structure of the Global Offering — Over-Allotment Option — Stabilization Action” in this prospectus.

Indemnity

We and the Controlling Shareholders have agreed to indemnify the International Underwriters against certain liabilities, including losses arising from their performance of their obligations under the International Underwriting Agreement and any breach by our Company and the Controlling Shareholders of the International Underwriting Agreement.

UNDERWRITING

Grounds for termination

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors are reminded that if the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Underwriting Commissions and Expenses

The Hong Kong Underwriters will receive from us an underwriting commission of 3.00% of the aggregate Offer Price payable for the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering (excluding any International Offer Shares reallocated to the Hong Kong Public Offering and any Hong Kong Public Offer Shares reallocated to the International Offering). For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters. Our Company may also in its sole discretion pay the Joint Bookrunners an additional incentive fee of up to 1.00% of the aggregate of the sale proceeds of the Offer Shares under the Global Offering (including pursuant to the exercise of the Over-Allotment Option).

The aggregate commissions and fees (excluding the discretionary incentive fee), together with the listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by us relating to the Global Offering are estimated to amount to approximately HK\$67.1 million in total (based on an Offer Price of HK\$6.26 being the mid-point of our indicative price range of the Global Offering and assuming the Over-Allotment Option is not exercised).

Hong Kong Underwriters' Interests in Our Group

Save as disclosed in this prospectus and other than its obligations pursuant to the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, the Hong Kong Underwriters are not interested, legally or beneficially, directly or indirectly, in any Shares or other securities in our Company or any other member of the Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any Shares or other securities in our Company or any other member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliates may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement. Buyers of the Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CLSA Limited and AMTD Global Markets Limited are the Joint Global Coordinators of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of initially 8,090,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the section headed “— Conditions of the Hong Kong Public Offering — The Hong Kong Public Offering”; and
- (b) the International Offering of an aggregate of 72,810,000 Shares (subject to reallocation and the Over-Allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) to non-U.S. persons in offshore transactions in accordance with Regulation S.

Investors may either:

- (i) apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 18% of the total issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-Allotment Option and the Pre-IPO Share Options are not exercised.

PRICING AND ALLOCATION

Offer Price Range

The Offer Price will be not more than HK\$7.19 per Offer Share and is expected to be not less than HK\$5.32 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the offer price to be determined on the price determination date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

Price Payable on Application

Applicants for Hong Kong Public Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$7.19 for each Hong Kong Public Offer Share. If the Offer Price is less than HK\$7.19 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applications. Please refer to the section headed “How to Apply for Hong Kong Public Offer Shares” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Determining the Offer Price

The Offer Price is expected to be fixed by agreement with the Joint Global Coordinators and us on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, March 21, 2019 and in any event, no later than Monday, March 25, 2019.

If for any reason, the Joint Global Coordinators and us are unable to reach agreement on the Offer Price on or before Monday, March 25, 2019, the Global Offering will not proceed.

Reduction in Offer Price Range and/or Number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Global Coordinators and with our consent, considers it appropriate, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, we will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese), our Company's website and the Hong Kong Stock Exchange's website, notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus. If an indicative offer price range is reduced, we will issue a supplemental prospectus updating investors of the change in the indicative offer price together with an update of all financial and other information in connection with such change; extend the period under which the Hong Kong Public Offering was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions; and give potential investors who had applied for the Shares the right to withdraw their applications. Details of the arrangement will then be announced by the Company as soon as practicable.

Before submitting applications for Hong Kong Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Allocation

The Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

STRUCTURE OF THE GLOBAL OFFERING

Allocation of the Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants, although the allocation of Hong Kong Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

Announcement of Offer Price and Basis of Allocations

The Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, and the basis of allocations of the Hong Kong Public Offer Shares are expected to be announced on Tuesday, March 26, 2019 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee granting listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering;
- (ii) the Offer Price having been duly agreed between us and the Joint Global Coordinators;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Public Offer Underwriting Agreement and the International Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event, not later than the date that is 30 days after the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be caused to be published by us in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Public Offer Shares” in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving banker or other bank(s) in Hong Kong licensed under the Hong Kong Banking Ordinance.

Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Tuesday, March 26, 2019 but will only become valid certificates of title at 8:00 a.m. on Wednesday, March 27, 2019, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for termination” in this prospectus has not been exercised.

The Hong Kong Public Offering

We are initially offering 8,090,000 Hong Kong Public Offer Shares (subject to the re-allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering) at the Offer Price, representing 10% of the 80,900,000 Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. The total number of Hong Kong Public Offer Shares available under the Hong Kong Public Offering will initially be divided equally into two pools for allocation purposes as follows:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) of HK\$5 million or less; and
- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) of more than HK\$5 million and up to the value of pool B.

Applicants should be aware that applications in pool A and pool B are likely to receive different allocation ratios. If Hong Kong Public Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

STRUCTURE OF THE GLOBAL OFFERING

Applicants can only receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of 8,090,000 Offer Shares initially included in the Hong Kong Public Offer (that is 4,045,000 Offer Shares) will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Joint Global Coordinators, subject to the following:

- (a) where the International Offer Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Public Offer Shares are undersubscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 1 time but less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 8,090,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 16,180,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;
 - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 24,270,000 Offer Shares (in the case of (1)), 32,360,000 Offer Shares (in the case of (2)) and 40,450,000 Offer Shares (in the case of (3)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

STRUCTURE OF THE GLOBAL OFFERING

- (b) where the International Offer Shares are undersubscribed:
 - (i) if the Hong Kong Public Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and
 - (ii) if the Hong Kong Public Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 8,090,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 16,180,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price range (i.e. HK\$5.32 per Offer Share) according to the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue.

Our Company, our Directors and the Hong Kong Public Offer Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have received Shares in the International Offering and to identify and reject indications of interest in the International Offering from investors who have received Shares in the Hong Kong Public Offering.

The Joint Global Coordinators may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

The International Offering will consist of initially 72,810,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering, and is subject to reallocation and the Over-Allotment Option, to be offered by us outside the United States (including to professional and institutional investors within Hong Kong) to non-U.S. persons in offshore transactions in accordance with Regulation S.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that our Company will grant the Over-Allotment Option to the International Underwriters, exercisable by CLSA Limited on behalf of the International Underwriters.

Pursuant to the Over-Allotment Option, the International Underwriters have the right, exercisable by CLSA Limited (on behalf of the International Underwriters) at any time from the Listing Date until the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 12,135,000 additional Shares, representing 15% of the initial Offer Shares, at the same price per Share under the International Offering, to cover over-allocations in the International Offering (if any). In the event that the Over-Allotment Option is exercised, a press announcement will be made.

Stabilization Action

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimize and, if possible, prevent a decline in the initial Hong Kong Public Offering prices. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing from the Listing Date or otherwise subject to compliance with applicable legal and regulatory requirements. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering (i.e. on or before Saturday, April 20, 2019). The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold by the Stabilizing Manager upon exercise of the Over-Allotment Option, being 12,135,000 Shares in aggregate, which is 15% of the Offer Shares initially being offered by us under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Stabilizing Manager or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (i) purchase, or agree to purchase, any of our Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of our Shares; and/or
- (ii) in connection with any action described in paragraph (i) above:
 - (a) (1) over-allocate our Shares; or (2) sell or agree to sell our Shares so as to establish a short position in them, for the sole purpose of preventing or minimizing any reduction in the market price of our Shares;
 - (b) exercise the Over-Allotment Option and purchase or subscribe for or agree to purchase or subscribe for our Shares in order to close out any position established under paragraph (a) above;
 - (c) sell or agree to sell any of our Shares acquired by it in the course of the stabilizing action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; and/or
 - (d) offer or attempt to do anything as described in paragraph (ii)(a)(2), (ii)(b) or (ii)(c) above.

The Stabilizing Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager or any person acting for it, which may include a decline in the market price of our Shares.

Stabilization cannot be used to support the price of our Shares for longer than the stabilization period, which begins on the day on which dealings in our Shares commence on the Hong Kong Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering (i.e. on or before Saturday, April 20, 2019). The stabilization period is expected to expire on Saturday, April 20, 2019. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore their market price, could fall. A public announcement will be made within seven days after the end of the stabilizing period in accordance with the Securities and Futures (Price Stabilizing) Rules of the SFO.

Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilization period. Stabilization bids or market purchases effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our Shares.

STRUCTURE OF THE GLOBAL OFFERING

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-Allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

Stock Borrowing Agreement

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to enter into the Stock Borrowing Agreement with Ocina, to borrow, whether on its own or through its affiliates, up to 12,135,000 Shares, representing 15% of the Offer Shares, to cover over-allotments (being the maximum number of additional Shares which may be sold upon exercise of the Over-Allotment Option). The stock borrowing arrangements under the Stock Borrowing Agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-Allotment Option in connection with the International Offering, are complied with.

The maximum number of Shares to be borrowed from Ocina by the Stabilizing Manager is the maximum number of Shares that may be issued or sold upon full exercise of the Over-Allotment Option. The same number of Offer Shares so borrowed must be returned to Ocina or their nominees on or before the third Business Day following the earlier of (a) the last day on which the Over-Allotment Option may be exercised, or (b) the day on which the Over-Allotment Option is exercised in full. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and other regulatory requirements. No payment will be made to Ocina by the Stabilizing Manager or any person acting for it in relation to such stock borrowing arrangement.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, March 27, 2019, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, March 27, 2019. The Shares will be traded in board lots of 500 Shares.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** Service Provider at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- (i) are 18 years of age or older;
- (ii) have a Hong Kong address;
- (iii) are outside the United States and not a U.S. person (within the meaning of Regulation S); and
- (iv) are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid email address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Public Offer Shares.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- (i) an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- (ii) a Director or chief executive officer of the Company and/or any of its subsidiaries;
- (iii) a close associate (as defined in the Listing Rules) of any of the above;
- (iv) a core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering; and
- (v) have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Monday, March 18, 2019 until 12:00 noon, Thursday, March 21, 2019 from:

- (i) any of the following offices of the Joint Global Coordinators:

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

AMTD Global Markets Limited

23/F–25/F, Nexxus Building
41 Connaught Road Central
Hong Kong

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

(ii) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

<u>District</u>	<u>Branch</u>	<u>Address</u>
Hong Kong	Connaught Road Central Branch	13–14 Connaught Road Central, Hong Kong
	King's Road Branch	131–133 King's Road, North Point, Hong Kong
Kowloon	Wong Tai Sin Branch	Shop G13, Wong Tai Sin Plaza, Wong Tai Sin, Kowloon
	Prince Edward Branch	774 Nathan Road, Kowloon
New Territories . .	Fanling Centre Branch	Shop 2D–E & H, Fanling Centre, Fanling, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m., Monday, March 18, 2019 until 12:00 noon, Thursday, March 21, 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to **BANK OF CHINA (HONG KONG) NOMINEES LIMITED — INTELICENTRICS GLOBAL HOLDINGS PUBLIC OFFER** for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- 9:00 a.m. to 5:00 p.m., Monday, March 18, 2019
- 9:00 a.m. to 5:00 p.m., Tuesday, March 19, 2019
- 9:00 a.m. to 5:00 p.m., Wednesday, March 20, 2019
- 9:00 a.m. to 12:00 noon, Thursday, March 21, 2019

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, March 21, 2019, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” below.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (a) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agent of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (b) agree to comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (d) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (e) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (f) agree that none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (h) agree to disclose to the Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (o) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in this prospectus to collect the share certificate(s) and/or refund cheque(s) in person;
- (p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (q) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m., Monday, March 18, 2019 until 11:30 a.m., Thursday, March 21, 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon, Thursday, March 21, 2019 or such later time under the “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of the **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “IntelliCentrics Global Holdings Ltd.” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Dongjiang River Source Tree Planting” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (b) HKSCC Nominees will do the following things on your behalf:
 - (i) agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant stock account;
 - (ii) agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;
 - (iii) undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (iv) (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (v) (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - (vi) confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (vii) authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- (viii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- (ix) confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- (x) agree that none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- (xi) agree to disclose your personal data to the Company, the Hong Kong Share Registrar, receiving bank, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- (xii) agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- (xiii) agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (xiv) agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- (xv) agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;
- (xvi) agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- (xvii) agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- (i) instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
- (ii) instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and
- (iii) instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 500 Hong Kong Public Offer Shares. Instructions for more than 500 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

9:00 a.m. to 8:30 p.m., Monday, March 18, 2019
8:00 a.m. to 8:30 p.m., Tuesday, March 19, 2019
8:00 a.m. to 8:30 p.m., Wednesday, March 20, 2019
8:00 a.m. to 12:00 noon, Thursday, March 21, 2019

-
- (1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, March 18, 2019 until 12:00 noon on Thursday, March 21, 2019 (24 hours daily, except on March 21, 2019, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, March 21, 2019, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 (as applied by Section 342E) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banker, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, March 21, 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- (i) an account number; or
- (ii) some other identification code,

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- (i) the principal business of that company is dealing in securities; and
- (ii) you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Hong Kong Stock Exchange.

“Statutory control” means you:

- (i) control the composition of the board of directors of the company;
- (ii) control more than half of the voting power of the company; or
- (iii) hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

Please refer to the section headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus for further details regarding the Offer Price.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- (i) a tropical cyclone warning signal number 8 or above; or
- (ii) a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, March 21, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, March 21, 2019 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Tuesday, March 26, 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the Company’s website at www.intellicentrics-global.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- (i) in the announcement to be posted on the Company’s website at www.intellicentrics-global.com and the Hong Kong Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Tuesday, March 26, 2019;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (ii) from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Tuesday, March 26, 2019 to 12:00 midnight on Monday, April 1, 2019;
- (iii) by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, March 26, 2019 to Friday, March 29, 2019;
- (iv) in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, March 26, 2019 to Thursday, March 28, 2019 at all the receiving bank designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG PUBLIC OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- (i) within three weeks from the closing date of the application lists; or
- (ii) within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- (i) you make multiple applications or suspected multiple applications;
- (ii) you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- (iii) your Application Form is not completed in accordance with the stated instructions;
- (iv) your electronic application instructions through the White Form eIPO service are not completed in accordance with the instructions, terms and conditions on the designated website;
- (v) your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (vi) the Underwriting Agreements do not become unconditional or are terminated;
- (vii) the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- (viii) your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$7.19 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, March 26, 2019.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- (i) share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- (ii) refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Tuesday, March 26, 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, March 27, 2019 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, March 26, 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, March 26, 2019, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, March 26, 2019 by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, March 26, 2019 or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, March 26, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the White Form eIPO service*

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, March 26, 2019, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, March 26, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via electronic application instructions to HKSCC*

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- (i) If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, March 26, 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- (ii) The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Tuesday, March 26, 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, March 26, 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- (iii) If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (iv) If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, March 26, 2019. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- (v) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, March 26, 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE
DIRECTORS OF INTELLICENTRICS GLOBAL HOLDINGS LTD. (FORMERLY KNOWN
AS 31 FRAMEWORKS LTD.) AND CLSA CAPITAL MARKETS LIMITED**

Introduction

We report on the historical financial information of IntelliCentrics Global Holdings Ltd. (formerly known as 31 Frameworks Ltd.) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-66, which comprises the consolidated statements of financial position as at December 31, 2015, 2016, 2017 and October 31, 2018, the Company's statements of financial position as at December 31, 2016, 2017 and October 31, 2018, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-66 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated March 18, 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out respectively in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out respectively in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2016, 2017 and October 31, 2018, and the consolidated financial position of the Group as at December 31, 2015, 2016, 2017 and October 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out respectively in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the ten months ended October 31, 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with

International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant’s report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

March 18, 2019

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this Accountant's Report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("IAASB") ("Underlying Financial Statements").

The Historical Financial Information is presented in United States Dollars ("US\$"), unless otherwise stated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended December 31,			Ten months ended October 31,	
		2015	2016	2017	2017	2018
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Revenues	6	30,135	30,834	31,399	25,994	28,153
Cost of revenues	7	<u>(1,515)</u>	<u>(1,429)</u>	<u>(1,606)</u>	<u>(1,327)</u>	<u>(1,804)</u>
Gross profit		28,620	29,405	29,793	24,667	26,349
Selling and marketing expenses	7	(4,285)	(4,105)	(3,291)	(2,597)	(3,658)
General and administrative expenses	7	(8,321)	(7,459)	(9,864)	(6,859)	(9,851)
Research and development expenses	7	(5,734)	(4,212)	(5,877)	(4,646)	(8,311)
Other (losses)/gains, net	9	<u>(1,591)</u>	<u>(395)</u>	<u>(987)</u>	<u>(816)</u>	<u>494</u>
Operating profit		8,689	13,234	9,774	9,749	5,023
Finance costs	10	(183)	(120)	(79)	(66)	(962)
Finance income	11	<u>52</u>	<u>188</u>	<u>813</u>	<u>646</u>	<u>662</u>
Profit before income tax		8,558	13,302	10,508	10,329	4,723
Income tax expense	12	<u>(3,740)</u>	<u>(6,293)</u>	<u>(2,696)</u>	<u>(3,045)</u>	<u>(2,048)</u>
Profit for the year/period		<u>4,818</u>	<u>7,009</u>	<u>7,812</u>	<u>7,284</u>	<u>2,675</u>

	<i>Note</i>	Year ended December 31,			Ten months ended October 31,	
		2015	2016	2017	2017	2018
		US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Other comprehensive income:						
<i>Item that may be subsequently reclassified to profit or loss:</i>						
— Currency translation differences		(140)	(984)	725	585	(564)
Profit and total comprehensive income for the year/period and attributable to owners of the Company		<u>4,678</u>	<u>6,025</u>	<u>8,537</u>	<u>7,869</u>	<u>2,111</u>
Earnings per share attributable to owners of the Company for the year/period (expressed in US\$ per share)						
— Basic and diluted	13	<u>0.014</u>	<u>0.021</u>	<u>0.023</u>	<u>0.022</u>	<u>0.007</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	As at December 31,			As at
					October 31,
		2015	2016	2017	2018
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	260	111	55	65
Intangible assets	16	14,078	11,994	11,717	12,953
Deposits and prepayments	18	118	118	18	18
Restricted cash	19	—	—	23,000	15,050
		<u>14,456</u>	<u>12,223</u>	<u>34,790</u>	<u>28,086</u>
Current assets					
Deposits, prepayments and other					
receivables	18	1,155	313	2,823	1,855
Current income tax receivable		—	1,083	314	—
Amounts due from related parties	29	306	12,582	9,223	—
Restricted cash	19	8,530	3,208	968	6,450
Short-term bank deposits	20	—	—	—	260
Cash and cash equivalents	20	<u>35,877</u>	<u>39,440</u>	<u>23,714</u>	<u>30,841</u>
		<u>45,868</u>	<u>56,626</u>	<u>37,042</u>	<u>39,406</u>
Total assets		<u><u>60,324</u></u>	<u><u>68,849</u></u>	<u><u>71,832</u></u>	<u><u>67,492</u></u>
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	25	—	6	35	37
Share premium	25	—	34	2,838	20,836
Other reserves	26	2,000	1,017	8,318	(62,246)
Retained earnings		<u>29,477</u>	<u>31,486</u>	<u>39,298</u>	<u>41,973</u>
Total equity		<u><u>31,477</u></u>	<u><u>32,543</u></u>	<u><u>50,489</u></u>	<u><u>600</u></u>

	<i>Note</i>	As at December 31,			As at
		2015	2016	2017	October 31,
		US\$'000	US\$'000	US\$'000	2018
					US\$'000
LIABILITIES					
Non-current liabilities					
Borrowings	21	—	—	—	29,690
Deferred income tax liabilities	17	676	1,028	1,101	1,660
		676	1,028	1,101	31,350
Current liabilities					
Borrowings	21	10,387	9,100	500	12,664
Trade payables	22	13	11	54	43
Other payables and accruals	23	1,557	793	3,054	2,944
Amounts due to related parties	29	848	9,114	646	142
Contract liabilities	24	14,866	14,761	15,807	18,171
Current income tax liabilities		500	1,499	181	1,578
		28,171	35,278	20,242	35,542
Total liabilities		28,847	36,306	21,343	66,892
Total equity and liabilities		60,324	68,849	71,832	67,492

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	As at December 31,		As at
		2016	2017	October 31,
		US\$'000	US\$'000	2018
				US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment		—	—	5
Investment in subsidiaries	32	—	—	70,013
		—	—	70,018
Current assets				
Deposits, prepayments and other				
receivables	18	—	367	1,070
Amounts due from related parties	29	2	2	602
Cash and cash equivalents	20	32	2,746	10,497
		34	3,115	12,169
Total assets		<u>34</u>	<u>3,115</u>	<u>82,187</u>
EQUITY				
Capital and reserves attributable to owners of the Company				
Share capital	25	6	35	37
Share premium	25	34	2,838	20,836
Accumulated loss		(6)	(523)	(4,930)
Total equity		<u>34</u>	<u>2,350</u>	<u>15,943</u>
LIABILITIES				
Non-current liabilities				
Borrowings	21	—	—	29,690
Current liabilities				
Borrowings	21	—	—	12,664
Other payables and accruals	23	—	765	1,398
Amounts due to subsidiaries		—	—	22,350
Amounts due to related parties	29	—	—	142
		—	765	36,554
Total liabilities		<u>—</u>	<u>765</u>	<u>66,244</u>
Total equity and liabilities		<u>34</u>	<u>3,115</u>	<u>82,187</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Share capital	Share premium	Other reserves	Retained earnings	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at January 1, 2015		—	—	2,178	24,659	26,837
Profit for the year		—	—	—	4,818	4,818
Other comprehensive income						
— Currency translation differences		—	—	(140)	—	(140)
Total comprehensive income for the year		—	—	(140)	4,818	4,678
Transactions with owners:						
Deemed distribution	26	—	—	(38)	—	(38)
As at December 31, 2015		—	—	2,000	29,477	31,477
As at January 1, 2016		—	—	2,000	29,477	31,477
Profit for the year		—	—	—	7,009	7,009
Other comprehensive income						
— Currency translation differences		—	—	(984)	—	(984)
Total comprehensive income for the year		—	—	(984)	7,009	6,025
Transactions with owners:						
Deemed contribution	26	—	—	1	—	1
Proceeds from issuance of stock	25	6	34	—	—	40
Dividend (Note 14)	14	—	—	—	(5,000)	(5,000)
Total transactions with owners		6	34	1	(5,000)	(4,959)
As at December 31, 2016		6	34	1,017	31,486	32,543
As at January 1, 2017		6	34	1,017	31,486	32,543
Profit for the year		—	—	—	7,812	7,812
Other comprehensive income						
— Currency translation differences		—	—	725	—	725
Total comprehensive income for the year		—	—	725	7,812	8,537

	Note	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000
Transactions with owners:						
Deemed contribution	26	—	—	6,824	—	6,824
Deemed distribution	26	—	—	(248)	—	(248)
Repurchase and cancellation of ordinary shares	25	(6)	(34)	—	—	(40)
Re-allotment of ordinary shares	25	—	40	—	—	40
Proceeds from issuance of stock	25	35	2,798	—	—	2,833
Total transactions with owners		<u>29</u>	<u>2,804</u>	<u>6,576</u>	<u>—</u>	<u>9,409</u>
As at December 31, 2017		<u>35</u>	<u>2,838</u>	<u>8,318</u>	<u>39,298</u>	<u>50,489</u>
As at January 1, 2018		35	2,838	8,318	39,298	50,489
Profit for the period		—	—	—	2,675	2,675
Other comprehensive income						
— Currency translation differences		—	—	(564)	—	(564)
Total comprehensive income for the period		<u>—</u>	<u>—</u>	<u>(564)</u>	<u>2,675</u>	<u>2,111</u>
Transactions with owners:						
Deemed distribution	26	—	—	(70,000)	—	(70,000)
Proceeds from issuance of stock	25	2	17,998	—	—	18,000
Total transactions with owners		<u>2</u>	<u>17,998</u>	<u>(70,000)</u>	<u>—</u>	<u>(52,000)</u>
As at October 31, 2018		<u>37</u>	<u>20,836</u>	<u>(62,246)</u>	<u>41,973</u>	<u>600</u>
(Unaudited)						
As at January 1, 2017		6	34	1,017	31,486	32,543
Profit for the period		—	—	—	7,284	7,284
Other comprehensive income						
— Currency translation differences		—	—	585	—	585
Total comprehensive income for the period		<u>—</u>	<u>—</u>	<u>585</u>	<u>7,284</u>	<u>7,869</u>
Transactions with owners:						
Deemed contribution	26	—	—	25	—	25
Deemed distribution	26	—	—	(248)	—	(248)
Repurchase and cancellation of ordinary shares	25	(6)	(34)	—	—	(40)
Re-allotment of ordinary shares	25	—	40	—	—	40
Proceeds from issuance of stock	25	35	2,798	—	—	2,833
Total transactions with owners		<u>29</u>	<u>2,804</u>	<u>(223)</u>	<u>—</u>	<u>2,610</u>
As at October 31, 2017		<u>35</u>	<u>2,838</u>	<u>1,379</u>	<u>38,770</u>	<u>43,022</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Ten months ended October 31,	
		2015	2016	2017	2017	2018
	Note	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Cash flows from operating activities						
Cash generated from operations	28	8,244	18,974	13,147	12,288	8,553
Income tax (paid)/refund		(3,598)	(5,925)	(3,221)	(2,256)	169
Net cash flows generated from operating activities		4,646	13,049	9,926	10,032	8,722
Cash flows from investing activities						
Decrease/(increase) in restricted cash		1,470	5,322	(20,760)	(20,760)	2,468
Increase in short-term bank deposits		—	—	—	—	(260)
Purchase of property, plant and equipment		(19)	(6)	(8)	(4)	(66)
Purchase of intangible assets		(96)	(3)	—	—	(1,485)
Advanced of loans to related parties		—	(12,500)	(2,600)	—	—
Repayment of loans to related parties		—	—	6,000	3,400	9,100
Net cash flows generated from/ (used in) investing activities		1,355	(7,187)	(17,368)	(17,364)	9,757
Cash flows from financing activities						
Repayments of borrowings		(1,090)	(4,987)	(8,600)	(6,700)	(500)
Proceeds of borrowings		7,986	3,700	—	—	42,354
Repayments of loans from related parties		—	—	(100)	(100)	—
Proceeds of loans from related parties		100	—	—	—	—
Cash dividend paid		—	—	(5,000)	(5,000)	—
Payment for listing expenses in connection with IPO		—	—	(365)	—	(678)
Proceeds from issuance of shares	25	—	40	2,833	2,833	18,000
Deemed contribution	26	—	—	2,482	—	—
Deemed distribution	26	—	—	(248)	(248)	(70,000)
Net cash flows generated from/ (used in) financing activities		6,996	(1,247)	(8,998)	(9,215)	(10,824)
Net increase/(decrease) in cash and cash equivalents						
Cash and cash equivalents at the beginning of the year/period		22,657	35,877	39,440	39,440	23,714
Effects on exchange rate changes on cash and cash equivalents		223	(1,052)	714	607	(528)
Cash and cash equivalents at the end of the year/period	20	35,877	39,440	23,714	23,500	30,841

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 General information

IntelliCentrics Global Holdings Ltd. (formerly known as 31 Frameworks Ltd.) (the “Company”) was established in the Cayman Islands on June 3, 2016 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The registered office is 71 Fort Street, 1st Floor Artemis House, PO Box 950, Grand Cayman, KY-1-1102, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”), are principally engaged in the provision of credentialing services in the United States of America (the “USA”), Canada and the United Kingdom (the “UK”) (the “Listing Business”).

The ultimate holding company of the Company is Ocin Corp. (“Ocin”), a company incorporated in the Cayman Islands. Mr. Tzung Liang Lin and his family including his spouse and parents (together as “Controlling Shareholder”) are the ultimate Controlling Shareholder of the Company.

1.2 Reorganization

In preparation for the Listing, the Company underwent a group reorganization (the “Reorganization”), pursuant to which the group companies engaged in the Listing Business were transferred to the Company. Prior to the incorporation of the Company and the Reorganization, as explained below, Victos Holding Corp. (“Victos”), a company wholly owned by VTC Electronics Corp. (“VTC”) and ultimately owned by the Controlling Shareholder, and its subsidiaries were engaged in the Listing Business, as well as the manufacture, sale and distribution of security solutions such as CCTV displays, surveillance cameras, etc. (“Other Businesses”).

The Reorganization involved the following:

- (1) On June 3, 2016, the Company was established as a wholly owned subsidiary of Ocin, which was wholly owned by the Controlling Shareholder.
- (2) On July 11, 2017, deView International Corp., deView China and Security Manufacturing Ltd. which are engaged in the Other Businesses were transferred by Victos to a wholly-owned subsidiary of VTC for a cash consideration approximate to the then net asset value.
- (3) On October 11, 2017, ICTW Corp. (“ICTW”), a company ultimately controlled by the Controlling Shareholder, was established in Taiwan. VTC transferred its investment in Victos to ICTW.
- (4) On December 16, 2017, pursuant to the Assignment Agreement entered into among VTC, deView Electronics (“deView Electronics”), a wholly-owned subsidiary of Victos, and its holding company, USA deView, Inc. (“USA deView”), also a wholly-owned subsidiary of Victos, the titles to all the inventory and the warranty claims of deView Electronics were transferred to VTC. The remaining net assets and liabilities of deView Electronics amounting to US\$6,531,000 net were transferred to USA deView and this transaction was treated as deemed contribution. The Other Businesses previously operated by deView Electronics were transferred to VTC. On December 22, 2017, deView Electronics was dissolved.
- (5) On April 16, 2018, the Company acquired the entire equity interest in Victos from ICTW, a company ultimately controlled by Controlling Shareholder for a cash consideration of US\$70,000,000 and this transaction was treated as a deemed distribution.

Upon completion of the Reorganization, the Company became the holding company of the subsidiaries carrying out the Listing Business which were originally controlled by Controlling Shareholder. The results of the Other Businesses were excluded throughout the Track Record Period since the Other Businesses are not related to and are managed separately from the Listing Business.

1.3 Basis of presentation

The Controlling Shareholder owned and controlled the companies now comprising the Group operating the Listing Business immediately before the Reorganization and continue to own and control these companies after the Reorganization. The Company has not been involved in any other business prior to the Reorganization and its operation does not meet the definition of a business. The Reorganization is merely a reorganization of the Listing Business and does not result in any changes in business substance, management nor Controlling Shareholder of the Listing Business, before and after the Reorganization.

Accordingly, the Historical Financial Information of the companies now comprising the Group is presented using the carrying values of the Listing Business for all periods presented as if the current group structure has been in existence throughout the Track Record Period.

All intra-group transactions and balances within the Group are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies, including International Financial Reporting Standards ("IFRSs") 9 and 15, have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the IFRSs issued by the International Accounting Standards Board (the "IASB"). The Historical Financial Information has been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below. All the following accounting policies are consistently applied to the Group throughout the Track Record Period.

(a) *New standards, amendments and interpretations not yet adopted by the Group*

The following new standards and amendments to existing standards have been issued but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after	Note
IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined	
Amendment to IFRSs . . .	Annual improvements to IFRSs 2015–2017 Cycle	January 1, 2019	
IAS 19	Plan amendment, curtailment or settlement	January 1, 2019	
IAS 28 (Amendment) . . .	Long-term interests in associates and joint ventures	January 1, 2019	
IFRS 9 (Amendment) . . .	Prepayment features with negative compensation	January 1, 2019	
IFRS 16	Leases	January 1, 2019	(i)
IFRIC 23	Uncertainty over income tax treatments	January 1, 2019	
IAS 1 and IAS 8	Disclosure initiative — definition of material	January 1, 2020	
IFRS 3	Definition of a business	January 1, 2020	
IFRS 17	Insurance contracts	January 1, 2021	

Management is in the process of assessing the impact of these standards, amendments and interpretations to existing IFRS and set out below are those which may impact on the Group's financial performance and position:

(i) *IFRS 16 “Leases”*

IFRS 16 “Leases” addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for in the statement of financial position for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.20 with the Group's future operating lease commitments, which are not reflected in the consolidated statements of financial position, set out in Note 27. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognize certain leases outside of the statement of financial position. Instead, almost all leases must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statements of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, the operating lease expenses will decrease, while depreciation and amortization and the interest expense will increase. The new standard is not expected to apply until the financial year beginning January 1, 2019. The Group's future aggregate minimum lease payments under operating leases are US\$473,000 as at October 31, 2018 as disclosed in Note 27.

The Group will adopt IFRS 16 with effect from January 1, 2019 using the simplified transition approach as prescribed by IFRS 16 and will recognize the cumulative effect of initial application to opening retained profits as of 1 January 2019 and the comparatives will not be restated. The Group considers that the adoption of the new standard will have some impact on the financial position of the Group as the related right-of-use assets and lease liabilities will be recognised upon adoption of the new standard on January 1, 2019, except for the short-term leases of less than twelve months and lease of low-value assets that are exempted from applying this accounting model as a practical expedient. However, the impact to the financial performance of the Group will be minimal as the impact of amortisation of the right-of-use assets and unwinding the discount of the related payable will not be materially different from the operating lease charges that would have been recognised under the current standard.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.2.2 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividends from these investments if the dividends exceeds the total comprehensive income of the subsidiary in the period the dividends declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in United States Dollars ("US\$"), which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income or loss.

(c) *Group companies*

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of US\$ are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses for each consolidated statement of comprehensive income or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting currency translation differences are recognized in other comprehensive income or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to other comprehensive income or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income or loss.

2.4 Property, plant and equipment

All property, plant and equipment is stated at historical costs less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Computer equipment	3 years
Leasehold improvements	5 years or shorter of lease period
Furniture and fixtures	2 to 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in "Other (losses)/gains, net" in the consolidated statement of comprehensive income or loss.

2.5 Intangible assets

(a) *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment (as described in Note 2.6) annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the individual cash-generating units.

(b) *Customer relationships acquired in a business combination*

Customer relationships acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method to allocate the costs of acquired intangible assets over the estimated useful lives, generally 20 years.

The management of the Group expects that the customer relationships are estimated to be used by the Group for a period of 20 years. Given the business model, the Group leverages the long-term relationship with the registered LoCs to drive growth in the paying subscriber base and in turn revenue. The management of the Group has over 12 years' experience in operating a credentialing platform for compliance and security purposes in the healthcare industry in the vendor credentialing market in the United States and the Group's customer relationships have already been used for a period of about 10 years since the acquisition of VendorClear.com, LLC. and Status Blue LLC. in 2010 and 2011. Accordingly, taking into account of all relevant and available external and internal information including but not limited to (i) the past experience of the retention of registered LoCs and churn rate of paying subscribers; (ii) no significant adverse changes in the technological, market, economic or legal environments; and (iii) no significant changes in our competitive landscape and the dynamics between LoCs, vendor representatives and vendor companies; the management has assessed and considered that the useful lives of 20 years for the Group's customer relationships are reasonable.

(c) Technology platform

Costs associated with maintaining or upgrading technology platform are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique technology platform products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the technology platform product so that it will be available for use;
- Management intends to complete the technology platform product and use or sell it;
- There is an ability to use or sell the technology platform product;
- It can be demonstrated how the technology platform product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the technology platform product are available; and
- The expenditure attributable to the technology platform product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the technology platform product include third party's services costs and product development employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use using the straight-line method over 3 years.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(d) Other intangible assets

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Softwares	2 to 5 years
Others	2 to 5 years

2.6 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Financial assets*Classification*

The Group classifies its financial assets as measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparties.

2.9 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk, note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e the present value of all cash shortfalls) over the expected life of the financial assets.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.10 Other receivables

If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and time deposits held at banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

2.13 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income or loss, except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity. In this case, the tax is also recognized in other comprehensive income or loss or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax*Inside basis differences*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and

laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

(b) Pension obligations

The Group operates post-employment schemes under defined contribution plans. The Group contributes to various publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

2.17 Provision

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.18 Revenue recognition

Revenue is recognized to depict the transfer of a service to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customers.

Control of the services may be transferred over time or a point in time. If control of the service transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the service.

Control of the services is transferred over time if (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs; (ii) The Group's performance creates and enhances an asset that the customer controls as the Group performs; or (iii) The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenues from credentialing and add-on services such as online training and radiation exposure monitoring is recognized over time during the paid subscription period. This revenue is recognized over time as control of the services is transferred over time when the customers simultaneously receive and consume the benefits provided by the Group's performance. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual days passed relative to the total contract period, as the Group's efforts or inputs are expended evenly throughout the performance period.

Revenue from other add-on services such as criminal background check, immunization and vaccinations (including drug and antibody testing), general and professional liability insurance referral and certain pilot programs is recognized at a point in time when the services were rendered and our liabilities were discharged. This revenue is recognized at a point in time when control of the services are transferred, i.e. being when the Group has a present right to payment for the services; the customers have accepted the services; the customers have full discretion over the services, and there is no unfulfilled obligation that could affect the customers' acceptance of the services.

Certain membership packages included both credentialing expedited processing and/or online training services. Management determines the relevant stand-alone selling price on the basis of individually observable selling price. The transaction price is allocated to each service on the relative stand-alone selling price determined.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to render services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities of the Group mainly represents the membership fees prepaid by subscribers for which services had not been rendered.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the significant financing component.

2.19 Interest income

Interest income is recognized on a time proportion basis, taking into account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income or loss on a straight-line basis over the period of the lease.

2.21 Research and development expenses

Research and development expenses comprise principally expenses incurred in pipeline solutions, platform enhancement and upgrade, market research and feasibility study.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company and subsidiaries operating in the USA is US\$ whereas functional currency of the subsidiaries operating in the United Kingdom and Canada are British Pound ("GBP") and Canadian Dollar ("CAD"), respectively.

The Group operates mainly in the USA with most of the transactions settled in US\$, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than US\$.

(ii) *Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for bank balance and restricted cash, details of which have been disclosed in Notes 19 and 20, respectively.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 21. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

As at December 31, 2015, 2016 and 2017 and October 31, 2018, if the interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit would have been approximately US\$340,000, US\$335,000, US\$472,000 and US\$102,000 higher/lower, mainly attributable to the Group's exposure to interest rates on its variable rate bank balance, restricted cash, short-term bank deposits and bank borrowings.

(b) *Credit risk*

The Group is exposed to credit risk primarily in relation to its cash and deposits (including term deposits) placed with banks and financial institutions, as well as other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

Other receivables mainly comprise amounts due from related parties, deposits and other receivables. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any increase in risk of default. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis during the Track Record Period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Expected loss rate
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	0.03%
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk presumed if interest and/or principal repayments are more than 30 days past due	Lifetime expected losses	4.00%
Non-performing	Interest and/or principal repayments are more than 365 days past due	Lifetime expected losses	7.00%
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written-off	100.00%

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivable and adjusts for forward looking macroeconomic data.

For amounts due from related parties, deposits and other receivables, the historical loss rate for those receivables is low. Thus, no impairment provision recognized for those receivables as the expected credit loss was not material during the Track Record Period.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents and banking facilities.

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

	On demand or less than 1 year US\$'000	Over 1 year US\$'000	Total US\$'000
As at December 31, 2015			
Trade payables	13	—	13
Other payables and accruals	279	—	279
Amounts due to related parties	848	—	848
Borrowings (including accrued interests)	10,407	—	10,407
Total	<u>11,547</u>	<u>—</u>	<u>11,547</u>
As at December 31, 2016			
Trade payables	11	—	11
Other payables and accruals	100	—	100
Amounts due to related parties	9,114	—	9,114
Borrowings (including accrued interests)	9,132	—	9,132
Total	<u>18,357</u>	<u>—</u>	<u>18,357</u>
As at December 31, 2017			
Trade payables	54	—	54
Other payables and accruals	1,746	—	1,746
Amounts due to related parties	646	—	646
Borrowings (including accrued interests)	505	—	505
Total	<u>2,951</u>	<u>—</u>	<u>2,951</u>
As at October 31, 2018			
Trade payables	43	—	43
Other payables and accruals	2,562	—	2,562
Amounts due to related parties	142	—	142
Borrowings (including accrued interests)	14,619	31,071	45,690
Total	<u>17,366</u>	<u>31,071</u>	<u>48,437</u>

The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings, plus loans from related parties. Total equity is capital and reserves attributable to owners of the Company as shown in the consolidated statements of financial position.

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Borrowings (Note 21)	10,387	9,100	500	42,354
Loans due to related parties (Note 29) . . .	100	100	—	—
Total debt	10,487	9,200	500	42,354
Total equity/(deficit)	31,477	32,543	50,489	600
Gearing ratio	33.3%	28.3%	1%	7,059%

The increase in gearing ratio as of October 31, 2018 as compared to December 31, 2017 is attributable to additional borrowings granted for the Reorganization. The decrease in gearing ratio as of December 31, 2017 as compared to December 31, 2016 is attributable to repayment of loan.

3.3 Fair value estimation

The carrying values of the Group's current financial assets, including current deposits and other receivables, amounts due from related parties, restricted cash and cash and cash equivalents, and the Group's current financial liabilities, including trade and other payables, amounts due to related parties and current bank borrowings approximate their fair values due to their short maturities.

The carrying values less impairment provision of other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management of the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Impairment of goodwill and intangible assets

The Group tests annually whether goodwill has suffered any impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgments is required to determine key assumptions adopted in the value-in-use calculation for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and financial performances. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income or loss.

(b) Useful lives and amortization charges of intangible assets

The Group's management determines the estimated useful lives and related amortization charges for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortization charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in amortizable lives and therefore amortization expense in future periods.

(c) Current and deferred income taxes

The Group is subject to income taxes in the USA and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(d) Capitalisation of development expenditures

Development expenditures incurred on specific developing projects are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, the Group's intention to complete and the Group's ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the projects and the ability to measure reliably the expenditure during the development. Development expenditures which do not meet these criteria are expensed off when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation.

5 SEGMENT INFORMATION

The CODM reviews the internal reporting of the Group in order to allocate resources and assess performance.

As a result of this evaluation, the Chief Executive Officer of the Group consider that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the USA and earns substantially majority of the revenues from external customers attributed to the USA.

As at December 31, 2015, 2016, 2017 and October 31, 2018, substantially majority of the non-current assets excluding restricted cash of the Group were located in the USA.

There was no revenue from any individual subscribers contributing over 10% of the total revenue of the Group for the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018.

6 REVENUES

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Credentialing service	28,894	29,499	29,558	24,551	26,556
Add-on services	1,241	1,335	1,841	1,443	1,597
	<u>30,135</u>	<u>30,834</u>	<u>31,399</u>	<u>25,994</u>	<u>28,153</u>

Disaggregation of revenue from contracts with customers

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Timing of revenue recognition					
— Over time	29,846	30,584	31,080	25,740	27,767
— At a point in time	289	250	319	254	386
	<u>30,135</u>	<u>30,834</u>	<u>31,399</u>	<u>25,994</u>	<u>28,153</u>

7 EXPENSES BY NATURE

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Employee benefits expenses (including director's emoluments) (Note 8)	8,420	7,511	8,984	6,855	8,891
Payment process fees	902	859	911	789	847
Research and development professional service fees	987	389	1,407	1,036	3,200
Other professional service fees . . .	992	603	609	488	1,292
Listing expenses	—	—	1,112	58	2,655
Promotion and advertisement expenses	780	1,431	1,149	843	1,167
Maintenance	1,086	1,061	1,154	940	1,082
Operating lease charges in respect of office premises	297	297	259	225	417
Management service fee (Note 29) .	3,397	2,630	2,546	2,085	939
Amortization of intangible assets . .	664	508	279	232	214
Depreciation of property, plant and equipment	238	153	64	55	54
Cost of service (excluding employee benefits expenses and payment process fee)	210	202	364	274	585
Travelling expenses	217	137	150	114	553
Office supplies	270	225	291	229	359
Telephone	111	115	122	105	244
Utilities	58	52	50	43	48
Meeting expenses	109	82	76	67	267
Donation	—	282	215	215	—
Audit remuneration	—	—	—	—	128
Others	1,117	668	896	776	682
Total cost of revenues, selling and marketing expenses, general and administrative expenses and research and development expenses	19,855	17,205	20,638	15,429	23,624

8 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTOR'S EMOLUMENTS)

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Wages, salaries and bonuses	7,833	7,036	8,373	6,352	8,174
Pension costs — defined contribution plans	100	74	121	106	118
Other benefits	487	401	490	397	599
	<u>8,420</u>	<u>7,511</u>	<u>8,984</u>	<u>6,855</u>	<u>8,891</u>

(a) Five highest paid individual

The five individuals whose emoluments were the highest in the Group include two directors for the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018 respectively, and their emoluments are reflected in the analysis shown in Note 8(b). The emoluments payable to the remaining three individuals for the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018 are as follows:

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Wages, salaries and bonuses	722	667	708	631	598
Pension costs — defined contribution plans	16	11	19	10	14
Other benefits	—	—	—	—	—
	<u>738</u>	<u>678</u>	<u>727</u>	<u>641</u>	<u>612</u>

The emoluments fell within the following bands:

	Number of individuals				
	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
Emoluments bands:					
HK\$1,000,001 to HK\$1,500,000 . .	—	—	1	2	2
HK\$1,500,001 to HK\$2,000,000 . .	2	2	1	—	1
HK\$2,000,001 to HK\$2,500,000 . .	1	1	—	1	—
HK\$2,500,001 to HK\$3,000,000 . .	—	—	1	—	—
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Track Record Period, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

(b) Benefits and interests of directors

The remuneration of each director of the Company paid/payable by the Group for the year ended December 31, 2015 are set out as follows:

	Director's fee	Salaries, wages and bonuses	Pension costs- defined contribution plan	Other social security costs, housing benefits and other employee benefits	Other emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking*	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Executive directors						
— Tzung Liang Lin (Note (i))	20	—	—	—	225	245
— Michael J. Sheehan (Note (ii))	20	440	—	—	529	989
	<u>40</u>	<u>440</u>	<u>—</u>	<u>—</u>	<u>754</u>	<u>1,234</u>

The remuneration of each director of the Company paid/payable by the Group for the year ended December 31, 2016 are set out as follows:

	Director's fee	Salaries, wages and bonuses	Pension costs- defined contribution plan	Other social security costs, housing benefits and other employee benefits	Other emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking*	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Executive directors						
— Tzung Liang Lin	20	140	—	—	222	382
— Michael J. Sheehan . .	20	5	—	—	1,140	1,165
	<u>40</u>	<u>145</u>	<u>—</u>	<u>—</u>	<u>1,362</u>	<u>1,547</u>

The remuneration of each director of the Company paid/payable by the Group for the year ended December 31, 2017 are set out as follows:

	Director's fee	Salaries, wages and bonuses	Pension costs- defined contribution plan	Other social security costs, housing benefits and other employee benefits	Other emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking*	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Executive directors						
— Tzung Liang Lin . . .	20	140	—	—	242	402
— Michael J. Sheehan . .	265	624	11	—	117	1,017
	<u>285</u>	<u>764</u>	<u>11</u>	<u>—</u>	<u>359</u>	<u>1,419</u>

The remuneration of each director of the Company paid/payable by the Group for the ten months ended October 31, 2017 are set out as follows:

	Director's fee	Salaries, wages and bonuses	Pension costs- defined contribution plan	Other social security costs, housing benefits and other employee benefits	Other emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking*	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
(Unaudited)						
Executive directors						
— Tzung Liang Lin . . .	17	117	—	—	186	320
— Michael J. Sheehan . .	221	520	9	—	105	855
	<u>238</u>	<u>637</u>	<u>9</u>	<u>—</u>	<u>291</u>	<u>1,175</u>

The remuneration of each director of the Company paid/payable by the Group for the ten months ended October 31, 2018 are set out as follows:

	Director's fee	Salaries, wages and bonuses	Pension costs- defined contribution plan	Other social security costs, housing benefits and other employee benefits	Other emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking*	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Executive directors						
— Tzung Liang Lin . . .	17	166	—	—	111	294
— Michael J. Sheehan . .	158	229	10	—	35	432
Non-executive directors						
— Kuo Chang Lin (appointed on September 5, 2018)	—	—	—	—	—	—
— Sean Fang (appointed on September 5, 2018)	—	—	—	—	—	—
	<u>175</u>	<u>395</u>	<u>10</u>	<u>—</u>	<u>146</u>	<u>726</u>

* These represent directors' salaries paid by VTC for their services provided to the Group and recharged to the Group through management fee.

Note (i):

During the year ended December 31, 2015, the director's fee of Mr. Tzung Liang Lin amounting to US\$108,000 was borne by VTC, the then holding company, in connection with his capacity as the director of VTC.

Note (ii):

During the year ended December 31, 2015, the director's fee of Mr. Michael J. Sheehan amounting to US\$32,000 was borne by VTC, the then holding company, in connection with his capacity as the director of VTC.

(i) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits during Track Record Period.

(iii) *Consideration provided to third parties for making available directors' services*

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(iv) *Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors*

Save as disclosed in Note 29, there were no other loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(v) *Directors' material interests in transactions, arrangements or contracts*

Save as disclosed in Note 29, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

9 OTHER (LOSSES)/GAINS, NET

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Impairment loss of intangible assets (Note 16)	(650)	(1,649)	—	—	—
Foreign exchange (loss)/gain	(414)	918	(887)	(817)	491
(Provision)/reversal of lawsuit provision (Note 23)	(500)	350	—	—	—
Others	(27)	(14)	(100)	1	3
	<u>(1,591)</u>	<u>(395)</u>	<u>(987)</u>	<u>(816)</u>	<u>494</u>

10 FINANCE COSTS

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Interest expense on bank borrowings	182	117	77	64	962
Interest expense to related parties	<u>1</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>—</u>
	<u>183</u>	<u>120</u>	<u>79</u>	<u>66</u>	<u>962</u>

11 FINANCE INCOME

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Interest income from bank deposits	52	137	487	375	577
Interest income from amount due from related parties	—	51	326	271	85
	<u>52</u>	<u>188</u>	<u>813</u>	<u>646</u>	<u>662</u>

12 INCOME TAX EXPENSE

(i) Cayman Islands corporate income tax ("CIT")

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) United Kingdom CIT

Entities incorporated in United Kingdom are subject to United Kingdom corporate income tax at a rate of 20%, 20%, 19%, 19% and 19% for the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018 respectively. The operation in United Kingdom has incurred operating losses for income tax purposes and no income tax provisions are recorded for the year ended December 31, 2015 and has recorded operating gains for income tax purposes and has income tax provisions recorded for the years ended December 31, 2016 and 2017 and ten months ended October 31, 2017 and 2018.

(iii) USA CIT

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the USA and was calculated in accordance with the relevant regulations of the USA after considering the available tax benefits from refunds and allowances. CIT provision composed of federal tax and states tax. The general USA CIT rate is 39%, 37%, 39%, 38% and 25% for the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018 respectively. In addition, upon payment of dividends by these companies to their shareholders, withholding tax of 5% will be imposed.

The reduction of the USA federal tax rate from 34% to 21% was substantively enacted in December 2017 and effective from January 2018. As a result relevant deferred tax balances as at December 31, 2017 have been remeasured using the tax rate of 21% and deferred tax of US\$318,000 was reversed in the year ended December 31, 2017.

The amount of income tax expense charged to the consolidated statements of comprehensive income represents:

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Current income tax	3,267	6,050	2,554	2,607	1,607
Under-provision/(over-provision)	314	(136)	105	41	(158)
Deferred income tax (<i>Note 17</i>)	159	379	37	397	599
Income tax expense	<u>3,740</u>	<u>6,293</u>	<u>2,696</u>	<u>3,045</u>	<u>2,048</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the group entities as follows:

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Profit before income tax	<u>8,558</u>	<u>13,302</u>	<u>10,508</u>	<u>10,329</u>	<u>4,723</u>
Tax calculated based on each subsidiary's profit before tax and statutory tax rate	3,396	4,143	3,513	3,512	1,968
Tax effect of amounts which are not deductible in calculating taxable income	11	3	3	2	9
Under-provision/(over-provision)	314	(136)	105	41	(158)
Research and development tax credit . . .	—	—	(594)	(591)	—
Previously unrecognized tax losses now recouped to reduce current tax expense	(859)	(113)	—	—	—
Tax loss not recognised as deferred tax assets	483	370	30	33	80
Withholding tax	516	2,032	212	194	182
Impact of change in the tax rate on deferred tax recognized	—	—	(318)	—	—
Other	<u>(121)</u>	<u>(6)</u>	<u>(255)</u>	<u>(146)</u>	<u>(33)</u>
Income tax expense	<u>3,740</u>	<u>6,293</u>	<u>2,696</u>	<u>3,045</u>	<u>2,048</u>

13 EARNINGS PER SHARE

For the purpose of computing basic earnings per share, 334,615,000 ordinary shares were assumed to have been issued and allotted on 1 January 2015, as if the Company has been established by then.

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
				(Unaudited)	
The Group's profit attributable to owners of the Company (US\$'000)	4,818	7,009	7,812	7,284	2,675
Weighted average number of shares in issue ('000)	334,615	334,615	337,402	335,146	356,955
Basic earnings per share (US\$ per share)	0.014	0.021	0.023	0.022	0.007

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the Track Record Period.

14 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividends during the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018 represented dividends declared by the companies now comprising the Group to the then owners of the companies for the years ended December 31, 2015, 2016, 2017 and the six months ended June 30, 2017 and 2018, after eliminating intra-group dividends.

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Dividend	—	5,000	—	—	—
	—	5,000	—	—	—

15 PROPERTY, PLANT AND EQUIPMENT

	<u>Computer equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000
At January 1, 2015				
Cost	418	547	181	1,146
Accumulated depreciation	<u>(246)</u>	<u>(306)</u>	<u>(106)</u>	<u>(658)</u>
Net book amount	<u>172</u>	<u>241</u>	<u>75</u>	<u>488</u>
Year ended December 31, 2015				
Opening net book amount	172	241	75	488
Additions	15	4	—	19
Disposals	(1)	—	—	(1)
Depreciation expense	(120)	(80)	(38)	(238)
Exchange translation difference	<u>(5)</u>	<u>(2)</u>	<u>(1)</u>	<u>(8)</u>
Closing net book amount	<u>61</u>	<u>163</u>	<u>36</u>	<u>260</u>
At December 31, 2015				
Cost	350	548	179	1,077
Accumulated depreciation	<u>(289)</u>	<u>(385)</u>	<u>(143)</u>	<u>(817)</u>
Net book amount	<u>61</u>	<u>163</u>	<u>36</u>	<u>260</u>
Year ended December 31, 2016				
Opening net book amount	61	163	36	260
Additions	5	1	—	6
Depreciation expense	(48)	(72)	(33)	(153)
Exchange translation difference	<u>(1)</u>	<u>(1)</u>	<u>—</u>	<u>(2)</u>
Closing net book amount	<u>17</u>	<u>91</u>	<u>3</u>	<u>111</u>
At December 31, 2016				
Cost	356	543	179	1,078
Accumulated depreciation	<u>(339)</u>	<u>(452)</u>	<u>(176)</u>	<u>(967)</u>
Net book amount	<u>17</u>	<u>91</u>	<u>3</u>	<u>111</u>
Year ended December 31, 2017				
Opening net book amount	17	91	3	111
Additions	6	2	—	8
Depreciation expense	<u>(15)</u>	<u>(48)</u>	<u>(1)</u>	<u>(64)</u>
Closing net book amount	<u>8</u>	<u>45</u>	<u>2</u>	<u>55</u>
At December 31, 2017				
Cost	373	548	181	1,102
Accumulated depreciation	<u>(365)</u>	<u>(503)</u>	<u>(179)</u>	<u>(1,047)</u>
Net book amount	<u>8</u>	<u>45</u>	<u>2</u>	<u>55</u>

	<u>Computer equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Ten months ended October 31, 2018				
Opening net book amount	8	45	2	55
Additions	39	27	—	66
Depreciation expense	(15)	(38)	(1)	(54)
Exchange translation difference	(2)	—	—	(2)
Closing net book amount	<u>30</u>	<u>34</u>	<u>1</u>	<u>65</u>
At October 31, 2018				
Cost	332	573	180	1,085
Accumulated depreciation	(302)	(539)	(179)	(1,020)
Net book amount	<u>30</u>	<u>34</u>	<u>1</u>	<u>65</u>
(Unaudited)				
Ten months ended October 31, 2017				
Opening net book amount	17	91	3	111
Additions	2	2	—	4
Depreciation expense	(13)	(41)	(1)	(55)
Closing net book amount	<u>6</u>	<u>52</u>	<u>2</u>	<u>60</u>
At October 31, 2017				
Cost	366	548	181	1,095
Accumulated depreciation	(360)	(496)	(179)	(1,035)
Net book amount	<u>6</u>	<u>52</u>	<u>2</u>	<u>60</u>

Depreciation expense of approximately US\$25,000, US\$2,000, US\$2,000, US\$1,000 and US\$3,000 has been charged in “selling and marketing expenses” and approximately US\$200,000, US\$140,000, US\$60,000, US\$51,000 and US\$42,000 has been charged in “general and administrative expenses” and approximately US\$13,000, US\$11,000, US\$2,000, US\$3,000 and US\$9,000 has been charged in “research and development expenses” for the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018 respectively.

16 INTANGIBLE ASSETS

	Goodwill	Software	Customer relationships	Technology platform	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At January 1, 2015						
Cost	9,635	2,567	5,538	—	1,309	19,049
Accumulated amortization and impairment	—	(1,616)	(1,017)	—	(765)	(3,398)
Net book amount	9,635	951	4,521	—	544	15,651
Year ended December 31, 2015						
Opening net book amount . . .	9,635	951	4,521	—	544	15,651
Additions	—	96	—	—	—	96
Amortization charge	—	(245)	(295)	—	(124)	(664)
Impairment loss	—	(650)	—	—	—	(650)
Exchange translation difference	(130)	(2)	(154)	—	(69)	(355)
Closing net book amount . . .	9,505	150	4,072	—	351	14,078
At December 31, 2015						
Cost	9,505	2,656	5,379	—	1,229	18,769
Accumulated amortization and impairment	—	(2,506)	(1,307)	—	(878)	(4,691)
Net book amount	9,505	150	4,072	—	351	14,078
Year ended December 31, 2016						
Opening net book amount . . .	9,505	150	4,072	—	351	14,078
Additions	—	3	—	—	—	3
Amortization charge	—	(108)	(293)	—	(107)	(508)
Impairment loss	(1,077)	—	(314)	—	(258)	(1,649)
Exchange translation difference	32	(12)	36	—	14	70
Closing net book amount . . .	8,460	33	3,501	—	—	11,994
At December 31, 2016						
Cost	9,524	2,618	5,402	—	1,241	18,785
Accumulated amortization and impairment	(1,064)	(2,585)	(1,901)	—	(1,241)	(6,791)
Net book amount	8,460	33	3,501	—	—	11,994

	Goodwill	Software	Customer relationships	Technology platform	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Year ended December 31, 2017						
Opening net book amount . . .	8,460	33	3,501	—	—	11,994
Amortization charge	—	(29)	(250)	—	—	(279)
Exchange translation difference	—	2	—	—	—	2
Closing net book amount . . .	8,460	6	3,251	—	—	11,717
At December 31, 2017						
Cost	9,575	2,637	5,464	—	1,272	18,948
Accumulated amortization and impairment	(1,115)	(2,631)	(2,213)	—	(1,272)	(7,231)
Net book amount	8,460	6	3,251	—	—	11,717
Ten months ended October 31, 2018						
Opening net book amount . . .	8,460	6	3,251	—	—	11,717
Additions	—	—	—	1,485	—	1,485
Amortization charge	—	(5)	(209)	—	—	(214)
Exchange translation difference	—	—	—	(35)	—	(35)
Closing net book amount . . .	8,460	1	3,042	1,450	—	12,953
At October 31, 2018						
Cost	9,543	2,625	5,437	1,450	1,130	20,185
Accumulated amortization and impairment	(1,083)	(2,624)	(2,395)	—	(1,130)	(7,232)
Net book amount	8,460	1	3,042	1,450	—	12,953
(Unaudited)						
Ten months ended October 31, 2017						
Opening net book amount . . .	8,460	33	3,501	—	—	11,994
Amortization charge	—	(24)	(208)	—	—	(232)
Exchange translation difference	—	2	—	—	—	2
Closing net book amount . . .	8,460	11	3,293	—	—	11,764
At October 31, 2017						
Cost	9,575	2,637	5,464	—	1,272	18,948
Accumulated amortization and impairment	(1,115)	(2,626)	(2,171)	—	(1,272)	(7,184)
Net book amount	8,460	11	3,293	—	—	11,764

The carrying amount of goodwill, net of impairment loss, is allocated to the following cash generating units (“CGU”):

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
USA operation	8,460	8,460	8,460	8,460
Canada operation	1,045	—	—	—
	<u>9,505</u>	<u>8,460</u>	<u>8,460</u>	<u>8,460</u>

Amortization expense of approximately US\$56,000, US\$41,000, US\$0, US\$0 and US\$0 has been charged in “selling and marketing expenses” and approximately US\$533,000, US\$400,000, US\$250,000, US\$208,000 and US\$209,000 has been charged in “general and administrative expenses” and approximately US\$75,000 US\$67,000, US\$29,000, US\$24,000 and US\$5,000 has been charged in “research and development expenses” for the years ended December 31, 2015, 2016, 2017 and the ten months ended October 31, 2017 and 2018 respectively.

The subsidiary, IntelliCentrics Inc., acquired 100% of equity interests in Status Blue, LLC in March 2011 and VendorClear.com, LLC in June 2010 at consideration of US\$5,796,000 and US\$5,000,000 respectively. The goodwill was recognized as the sum of the consideration minus the fair value of the identifiable net assets acquired and transaction cost.

The subsidiary, IntelliCentrics Solution Inc., acquired the operating business of Vendorlink.ca Ltd. in November 2014, to expand its vendor credentialing services in Canada, at consideration of CAD2,685,000 (equivalent to US\$2,313,000) and recognized goodwill as the sum of the consideration minus the fair value of the identifiable net assets acquired.

Impairment losses of US\$650,000 and US\$1,649,000 has been charged in “Other (losses)/gains, net” for the years ended December 31, 2015 and 2016, respectively.

Considering the replacement of credentialing services operation system in USA operation, the Group evaluated the former software system was fully replaced in 2015.

Impairment review on the goodwill of the Group has been conducted by the management as at December 31, 2015, 2016, 2017 and October 31, 2018 according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amount of CGU is determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on approved business plan for the purposes of impairment reviews covering a five-year period. The cash flow projection is determined based on the future annual revenue, profit margin and operating costs of the subsidiary to which goodwill belongs. As at December 31, 2015, 2016, 2017 and October 31, 2018, key assumptions for goodwill impairment assessment used for value-in-use calculations include operating profit margin, terminal sales growth rate and discount rate.

The key assumptions used are as follows:

	As at December 31,			As at October 31,
	2015	2016	2017	2018
USA operation				
Terminal sales growth rate	5.0%	2.5%	0.5%	2.74%
Operating profit margin	40.0%	32.4%	17.2%	14.19%
Pre-tax discount rate	<u>22.0%</u>	<u>22.0%</u>	<u>14.8%</u>	<u>15.35%</u>
Canada operation				
Terminal sales growth rate	1.4%	N/A	N/A	N/A
Operating profit margin	11.4%	N/A	N/A	N/A
Pre-tax discount rate	<u>16.5%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Terminal sales growth rate — The terminal sales growth rate is based on the historical data and management's expectation on the future market.

Operating profit margin — The operating profit margin is based on the operating profit margin achieved in the year immediately before the budget year, adjusted for management's expectation on the future efficiency improvements and market development.

Pre-tax discount rate — The pre-tax discount rate reflects specific risks relating to the relevant unit, which is determined using the capital asset pricing model with reference to the market information.

As of December 31, 2015, 2016 and 2017 and October 31, 2018, for USA operation, when each of the key assumptions described above remained unchanged, the recoverable amount exceeded the carrying amount by US\$118.5 million, US\$98.9 million, US\$27.6 million and US\$50.7 million, respectively.

As of December 31, 2015, for Canada operation, when each of the key assumptions described above remained unchanged, the recoverable amount exceeded the carrying amount by US\$1.5 million.

Sensitivity Analysis

The following table sets forth the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of USA operation and Canada operation, each of cash-generating unit as of the dates indicated. The potential impact was shown below on the recoverable amount as of the end of each year/period by applying a decrease of 10% in operating profit margin, a decrease of 300 basis points in terminal growth rate and an increase of 300 basis points in pre-tax discount rate, respectively. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, the Group believes that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of each cash-generating unit.

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Operating profit margin decrease by 10%				
USA operation	(27,439)	(11,043)	(11,668)	(14,998)
Canada operation	(2,442)	N/A	N/A	N/A

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Terminal sales growth rate decrease 300 basis points				
USA operation	(10,577)	(8,453)	(3,562)	(10,471)
Canada operation	(1,593)	N/A	N/A	N/A

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Pre-tax discount rate increase 300 basis points				
USA operation	(33,865)	(15,341)	(7,778)	(12,467)
Canada operation	(7,554)	N/A	N/A	N/A

The Group has estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavorable possible values were assigned to those factors, the recoverable amount then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure goodwill's recoverable amount, would still exceed the carrying amount of goodwill, for USA operation.

Considering that the performance of Canada operation was below expectation during the year ended December 31, 2016, the Group decided to revise its business strategies. The Group revised its cash flow forecasts of this CGU for the year ended December 31, 2016. Based on the expected future market conditions and management's latest business plans, a full impairment of goodwill, customer relationships and other intangible assets of US\$1,077,000, US\$314,000 and US\$258,000 respectively in respect of Canada operation was recognised during the year ended December 31, 2016.

17 DEFERRED INCOME TAXES

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(i) Deferred tax assets

	<u>Depreciation</u>	<u>Gain/ loss on fixed assets</u>	<u>Accrued bonus</u>	<u>Related parties' loss</u>	<u>Bad debt</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
At January 1, 2015	128	8	—	—	—	136
(Charged)/credited to consolidated statement of comprehensive income (<i>Note 12</i>)	<u>(128)</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(127)</u>
At December 31, 2015	—	9	—	—	—	9
Credited to consolidated statement of comprehensive income (<i>Note 12</i>)	<u>—</u>	<u>—</u>	<u>115</u>	<u>—</u>	<u>—</u>	<u>115</u>
At December 31, 2016	—	9	115	—	—	124
Credited/(charged) to consolidated statement of comprehensive income (<i>Note 12</i>)	<u>17</u>	<u>(4)</u>	<u>104</u>	<u>157</u>	<u>3</u>	<u>277</u>
At December 31, 2017	17	5	219	157	3	401
Credited/(charged) to consolidated statement of comprehensive income (<i>Note 12</i>)	<u>4</u>	<u>(5)</u>	<u>(208)</u>	<u>(66)</u>	<u>(1)</u>	<u>(276)</u>
At October 31, 2018	<u>21</u>	<u>—</u>	<u>11</u>	<u>91</u>	<u>2</u>	<u>125</u>
(Unaudited)						
At January 1, 2017	—	9	115	—	—	124
Credited/(charged) to consolidated statement of comprehensive income (<i>Note 12</i>)	<u>1</u>	<u>(9)</u>	<u>36</u>	<u>—</u>	<u>—</u>	<u>28</u>
At October 31, 2017	<u>1</u>	<u>—</u>	<u>151</u>	<u>—</u>	<u>—</u>	<u>152</u>

(ii) Deferred tax liabilities

	<u>Depreciation</u>	<u>Amortization</u>	<u>Withholding</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>tax</u>	<u>US\$'000</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
At January 1, 2015	—	(653)	—	(653)
(Charged)/credited to consolidated statement of comprehensive income (Note 12)	(53)	21	—	(32)
At December 31, 2015	(53)	(632)	—	(685)
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	39	(244)	(289)	(494)
Exchange translation differences	—	—	27	27
At December 31, 2016	(14)	(876)	(262)	(1,152)
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	14	(116)	(212)	(314)
Exchange translation differences	—	—	(36)	(36)
At December 31, 2017	—	(992)	(510)	(1,502)
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	—	(141)	(182)	(323)
Exchange translation differences	—	—	40	40
At October 31, 2018	<u>—</u>	<u>(1,133)</u>	<u>(652)</u>	<u>(1,785)</u>
(Unaudited)				
At January 1, 2017	(14)	(876)	(262)	(1,152)
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	14	(245)	(194)	(425)
Exchange translation differences	—	—	(23)	(23)
At October 31, 2017	<u>—</u>	<u>(1,121)</u>	<u>(479)</u>	<u>(1,600)</u>

Deferred income tax assets are recognised for tax loss carry-forwards to extent that the realization of the related tax benefit through future taxable profits is probable. As at each of December 31, 2015, 2016, 2017 and October 31, 2018, the Group did not recognize deferred income tax assets of US\$1,077,000, US\$1,238,000, US\$1,239,000 and US\$1,348,000 respectively in relation to the tax jurisdiction in UK and Canada, in respect of tax losses amounting to US\$5,883,000, US\$7,286,000, US\$7,343,000 and US\$8,032,000 respectively. These tax losses have no expiry dates except US\$1,986,000, US\$4,392,000, US\$4,595,000 and US\$5,161,000, will expire in 20 years since the respective year of generating tax loss as at December 31, 2015, 2016, 2017 and October 31, 2018 respectively.

18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Group

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current:				
Deposits and prepayments	118	118	18	18
	<u>118</u>	<u>118</u>	<u>18</u>	<u>18</u>
Current:				
Other receivables	18	—	2,110	29
Prepaid expenses	1,137	313	348	783
Deferred listing expenses	—	—	365	1,043
	<u>1,155</u>	<u>313</u>	<u>2,823</u>	<u>1,855</u>

Company

	As at December 31,		As at October 31,
	2016	2017	2018
	US\$'000	US\$'000	US\$'000
Current			
Other receivables	—	—	10
Prepaid expenses	—	2	17
Deferred listing expenses	—	365	1,043
	<u>—</u>	<u>367</u>	<u>1,070</u>

The directors of the Company considered that the carrying amounts of deposits and other receivables approximated to their respective fair values as at December 31, 2015, 2016, 2017 and October 31, 2018. Their recoverability was assessed with reference to the credit risk management disclosed in Note 3.1(b).

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

19 RESTRICTED CASH

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Restricted cash — Current	8,530	3,208	968	6,450
Restricted cash — Non-current	—	—	23,000	15,050
	<u>8,530</u>	<u>3,208</u>	<u>23,968</u>	<u>21,500</u>

As at December 31, 2015, 2016, 2017 and October 31, 2018, the bank deposits of US\$8,530,000, US\$3,208,000, US\$968,000 and US\$21,500,000 respectively were restricted deposits held as security for certain banking borrowings of the Group as disclosed in Note 21.

As at December 31, 2017, the bank deposits of US\$23,000,000 were restricted deposits held at banks as security for a bank facility of a related party expected to be expired in 2019 as disclosed in Note 29. The restricted cash of US\$23,000,000 was early released during the ten months ended October 31, 2018.

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

20 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS**Group**

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Cash on hand	—	—	—	11
Bank balances	35,877	39,440	23,714	21,830
Time Deposits	—	—	—	9,000
Cash and cash equivalents	<u>35,877</u>	<u>39,440</u>	<u>23,714</u>	<u>30,841</u>
Short-term bank deposits	—	—	—	260
Maximum exposure to credit risk	<u>35,877</u>	<u>39,440</u>	<u>23,714</u>	<u>31,090</u>

The effective annual interest rate and original maturities of the time deposits and short-term bank deposits of the Group as at October 31, 2018 are as follows:

<u>Type of time deposit</u>	<u>Terms</u>	<u>Interest rate</u>
Time deposits	1 month	2%
Short-term bank deposits	12 months	1.5%

Company

	<u>As at December 31,</u>		<u>As at</u>
	<u>2016</u>	<u>2017</u>	<u>October 31,</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>2018</u>
			<u>US\$'000</u>
Cash on hand	—	—	11
Bank balances	32	2,746	1,486
Time deposits	—	—	9,000
Cash and cash equivalents	<u>32</u>	<u>2,746</u>	<u>10,497</u>
Maximum exposure to credit risk	<u>32</u>	<u>2,746</u>	<u>10,486</u>

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

Group

	<u>As at December 31,</u>			<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>October 31,</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>2018</u>
				<u>US\$'000</u>
US\$	35,678	39,068	23,530	29,715
GBP	61	284	176	839
CAD	138	88	8	97
New Taiwan Dollar ("NTD")	—	—	—	138
Others	—	—	—	52
	<u>35,877</u>	<u>39,440</u>	<u>23,714</u>	<u>30,841</u>

Company

	<u>As at December 31,</u>		<u>As at</u>
	<u>2016</u>	<u>2017</u>	<u>October 31,</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>2018</u>
			<u>US\$'000</u>
US\$	32	2,746	10,341
NTD	—	—	138
Others	—	—	18
	<u>32</u>	<u>2,746</u>	<u>10,497</u>

21 BORROWINGS

Group

	As at December 31,			As at
	2015	2016	2017	October 31,
	US\$'000	US\$'000	US\$'000	2018
Long-term bank borrowings				
— secured	—	—	—	42,354
Less: Current portion of long-term bank borrowings	—	—	—	(12,664)
Non-current bank borrowings	—	—	—	29,690
Short-term bank borrowings				
— secured	7,487	3,200	—	—
— unsecured	2,900	5,900	500	—
	10,387	9,100	500	—
Add: Current portion of long-term bank borrowings				
— secured	—	—	—	12,664
	10,387	9,100	500	12,664
	10,387	9,100	500	42,354

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

	As at December 31,			As at
	2015	2016	2017	October 31,
	US\$'000	US\$'000	US\$'000	2018
Within 1 year	10,387	9,100	500	12,664
Between 1 and 5 years	—	—	—	29,690
	10,387	9,100	500	42,354

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

	As at December 31,			As at
	2015	2016	2017	October 31,
	US\$'000	US\$'000	US\$'000	2018
6 months or less	10,387	9,100	500	42,354

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

	As at December 31,			As at October 31,
	2015	2016	2017	2018
Interest rates	<u>0.90%–2.58%</u>	<u>0.90%–2.39%</u>	<u>1.50%–3.07%</u>	<u>3.30%–4.45%</u>

Company

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Long-term bank borrowings				
— secured	—	—	—	42,354
Less: Current portion of long-term bank borrowings	<u>—</u>	<u>—</u>	<u>—</u>	<u>(12,664)</u>
Non-current bank borrowings	<u>—</u>	<u>—</u>	<u>—</u>	<u>29,690</u>

Secured bank borrowings are secured by certain bank deposits of the Group and the Company as disclosed in Note 19.

The carrying amounts of borrowings of the Group and the Company are denominated in US\$.

The outstanding balance will be repayable on demand pursuant to a covenant requiring the Group to repay the loan using the net proceeds from the Global Offering upon listing.

22 TRADE PAYABLES

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

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	USD'000	USD'000	USD'000	US\$'000
0–30 days	<u>13</u>	<u>11</u>	<u>54</u>	<u>43</u>
	<u>13</u>	<u>11</u>	<u>54</u>	<u>43</u>

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

23 OTHER PAYABLES AND ACCRUALS

Group

	As at December 31,			As at
	2015	2016	2017	October 31,
	US\$'000	US\$'000	US\$'000	2018
Salaries and bonuses payable	778	638	1,252	228
Listing expense payable	—	—	1,231	893
Professional service fee payable	16	25	28	726
Other tax payable	—	55	56	154
Provision for legal claims	500	—	—	—
Others	263	75	487	943
	<u>1,557</u>	<u>793</u>	<u>3,054</u>	<u>2,944</u>

One of the Group's subsidiaries, IntelliCentrics, Inc., signed an asset purchase agreement with a corporation (the "Seller"), who was independent of the Group in 2015. Due to business considerations, IntelliCentrics, Inc. did not complete the purchase and as a result, the Seller raised a lawsuit against IntelliCentrics, Inc. for compensation. As at December 31, 2015, the Group made a provision of US\$500,000. The case was subsequently settled with the Seller in 2016. An over-provision of US\$350,000 was reversed during the year ended December 31, 2016 (note 9).

Company

	As at December 31,			As at
	2015	2016	2017	October 31,
	US\$'000	US\$'000	US\$'000	2018
Salaries and bonuses payable	—	—	—	53
Listing expense payable	—	—	765	893
Professional service fee payable	—	—	—	358
Others	—	—	—	94
	<u>—</u>	<u>—</u>	<u>765</u>	<u>1,398</u>

The carrying amounts of other payables and accruals approximate to their fair values.

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

24 CONTRACT LIABILITIES

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

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Contract liabilities	14,866	14,761	15,807	18,171

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as at December 31, 2015, 2016, 2017 and October 31, 2018, and the portion to be recognized over the next twelve months will be classified as current liabilities in the consolidated statements of financial position.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year period	14,428	14,866	14,761	15,324

All contract liabilities are amortised within one year.

25 SHARE CAPITAL AND SHARE PREMIUM — GROUP AND COMPANY

	Number of ordinary shares	Share capital	Share premium	Total
	'000	US\$'000	US\$'000	US\$'000
Issued and fully paid:				
As at date of incorporation	—	—	—	—
Issuance of ordinary shares (<i>Note (a) & (b)</i>)	63	6	34	40
As at December 31, 2016	63	6	34	40
Repurchase and cancellation of ordinary shares (<i>Note (c)</i>)	(63)	(6)	(34)	(40)
Re-allotment of ordinary shares (<i>Note (c)</i>)	633	—	40	40
Issuance of ordinary shares (<i>Note (d)</i>)	347,367	35	2,798	2,833
As at October 31, 2017 and December 31, 2017	348,000	35	2,838	2,873
Issuance of ordinary shares (<i>Note (e)</i>)	20,571	2	17,998	18,000
As at October 31, 2018	368,571	37	20,836	20,873

Notes:

- (a) The Company was incorporated in the Cayman Islands on June 3, 2016 with an authorized capital of US\$62,000 divided into 620,000 shares with a par value of US\$0.1 each. Since the Company had not been legally incorporated as at December 31, 2015, there was no share capital presented as at December 31, 2015.

On the date of the incorporation of the Company, 10,000 ordinary shares at par value of US\$0.1 each were issued and allotted for cash totalling US\$6,300.

- (b) On September 21, 2016, 53,300 ordinary shares at nominal value of US\$0.1 each were issued and allotted for cash totalling US\$33,700.
- (c) On August 28, 2017, the par value of the Company's ordinary shares was changed to US\$0.0001 and the Company repurchased 63,300 ordinary shares, representing the then entire issued share capital of the Company and such shares were cancelled. On the same date, an aggregate of 633,000 shares with par value of US\$0.0001 each were allotted and issued at a price of US\$0.063 per share for a consideration of US\$40,000.
- (d) On October 2, 2017 and October 17, 2017, 331,367,000 and 16,000,000 ordinary shares at par value of US\$0.0001 each were issued and allotted for cash totalling US\$33,000 and US\$2,800,000, respectively.
- (e) On March 30, 2018 and August 1, 2018, 6,857,000 and 13,713,655 ordinary shares at par value of US\$0.0001 each were issued and allotted for cash totalling US\$6,000,000 and US\$12,000,000, respectively.

26 OTHER RESERVES

	Capital reserve	Foreign currency translation reserve	Total
	US\$'000	US\$'000	US\$'000
As at January 1, 2015	1,829	349	2,178
Deemed distribution (<i>note (ii)</i>)	(38)	—	(38)
Currency translation differences	—	(140)	(140)
As at December 31, 2015	<u>1,791</u>	<u>209</u>	<u>2,000</u>
Deemed contribution (<i>note (ii)</i>)	1	—	1
Currency translation differences	—	(984)	(984)
As at December 31, 2016	<u>1,792</u>	<u>(775)</u>	<u>1,017</u>
Deemed distribution (<i>note (i)</i>)	(248)	—	(248)
Deemed contribution (<i>note (ii)</i>)	6,824	—	6,824
Currency translation differences	—	725	725
As at December 31, 2017	<u>8,368</u>	<u>(50)</u>	<u>8,318</u>
Deemed distribution (<i>note (iii)</i>)	(70,000)	—	(70,000)
Currency translation differences	—	(564)	(564)
As at October 31, 2018	<u>(61,632)</u>	<u>(614)</u>	<u>(62,246)</u>
(Unaudited)			
As at January 1, 2017	1,792	(775)	1,017
Deemed distribution (<i>note (i)</i>)	(248)	—	(248)
Deemed contribution (<i>note (ii)</i>)	25	—	25
Currency translation differences	—	585	585
As at October 31, 2017	<u>1,569</u>	<u>(190)</u>	<u>1,379</u>

Capital reserve as at December 31, 2015, 2016, 2017 and October 31, 2017 and 2018 represented the consolidated share capital of the subsidiaries, after elimination of inter-company investments, deemed contribution from or deemed distribution to Controlling Shareholder.

- (i) On July 10, 2017, Victos injected US\$248,000 of cash into a wholly owned subsidiary engaged in the Other Business, deView International Corp. This transaction was treated as deemed distribution to the shareholder. deView International Corp. and its wholly owned subsidiaries, deView China and Security Manufacturing Ltd., were engaged in the Other Business. were then transferred to a wholly-owned subsidiary of VTC for a cash consideration approximate to the net assets value.
- (ii) On December 16, 2017, pursuant to the Assignment Agreement entered into among VTC, deView Electronics (“deView Electronics”), a wholly-owned subsidiary of Victos and its holding company, USA deView, Inc. (“USA deView”), also a wholly-owned subsidiary of Victos, the title to all the inventories and warranty were paid and transferred to VTC from deView Electronics. The Other Businesses previously operated by deView

Electronics was transferred to VTC. The remaining net assets and liabilities of deView Electronics amounting to US\$6,531,000 (including cash US\$2,482,000) were transferred to USA deView engaged in Listing Business at nil consideration upon its dissolution and this transaction was treated as deemed contribution.

During the year ended December 31, 2015 and 2016 and the period from January 1, 2017 to December 22, 2017, USA deView, the then holding company of deView Electronics, filed its tax return on consolidated basis and accordingly the statutory profit or loss of deView Electronics is included in the calculation of the USA CIT tax of the USA deView for income tax filing purpose. Given the result of Other Businesses were excluded throughout the Track Record Period as described in Note 1.2, the income tax expense attributable to deView Electronics is excluded from the financial information of the Listing Business and the difference between the income tax expense calculated on consolidated basis and the tax expense calculated based on individual entities is treated as a deemed distribution of US\$38,000 for the year ended December 31, 2015 and deemed contribution of US\$1,000 and US\$293,000 and US\$25,000 for the years ended December 31, 2016 and 2017 and the ten months ended October 31, 2017 respectively.

- (iii) On April 16, 2018, the Company acquired the entire equity interest in Victos from ICTW, a company ultimately controlled by Controlling Shareholder for a cash consideration of US\$70,000,000 and this transaction was treated as a deemed distribution.

27 COMMITMENTS

(a) Operating lease commitments

The Group leases office buildings under operating lease agreements and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under operating leases are as follows:

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
No later than 1 year	269	258	277	413
Later than 1 year and no later than 5 years	27	487	221	60
	<u>296</u>	<u>745</u>	<u>498</u>	<u>473</u>

(b) Capital commitment

Authorised but not provided for

On May 16, 2018, the Group had authorised an initial capital injection to a joint-venture in PRC of approximately US\$1,000,000.

28 NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Profit before income tax	8,558	13,302	10,508	10,329	4,723
Adjustments for:					
Depreciation of property, plant and equipment	238	153	64	55	54
Amortization of intangible assets . .	664	508	279	232	214
Impairment loss for intangible assets	650	1,649	—	—	—
Loss on disposals of property, plant and equipment	1	—	—	—	—
Interest income	(52)	(188)	(813)	(646)	(662)
Interest expense	183	120	79	66	962
Changes in working capital:					
(Increase)/decrease in deposits, prepayments and other receivables	(282)	743	473	(125)	1,132
(Increase)/decrease in amounts due from related parties	(188)	223	(39)	68	123
Increase/(decrease) in trade payables	1	(2)	38	309	(11)
Increase/(decrease) in contract liabilities	438	(104)	1,046	2,322	2,364
Increase/(decrease) in other payables and accruals	618	(764)	1,780	112	(110)
(Decrease)/increase in amounts due to related parties	(2,454)	3,266	(524)	(687)	(504)
Cash inflow generated from operations	8,375	18,906	12,891	12,035	8,285
Interest received	52	188	335	319	1,230
Interest paid	(183)	(120)	(79)	(66)	(962)
Net cash generated from operating activities	<u>8,244</u>	<u>18,974</u>	<u>13,147</u>	<u>12,288</u>	<u>8,553</u>

This section sets out an analysis of the movements in total debts for each of the periods presented.

Reconciliation of liabilities arising from financing activities

	Liabilities from financing activities			
	Borrowings due within 1 year	Borrowings due after 1 year	Loans from related parties	Total
	US\$'000	US\$'000	US\$'000	US\$'000
As at January 1, 2015	(3,491)	—	—	(3,491)
Cash flows	(6,896)	—	(100)	(6,996)
As at December 31, 2015	(10,387)	—	(100)	(10,487)
Cash flows	1,287	—	—	1,287
As at December 31, 2016	(9,100)	—	(100)	(9,200)
Cash flows	8,600	—	100	8,700
As at December 31, 2017	(500)	—	—	(500)
Cash flows	(12,164)	(29,690)	—	(41,854)
As at October 31, 2018	(12,664)	(29,690)	—	(42,354)
(Unaudited)				
As at January 1, 2017	(9,100)	—	(100)	(9,200)
Cash flows	6,700	—	100	6,800
As at October 31, 2017	(2,400)	—	—	(2,400)

29 RELATED PARTIES TRANSACTIONS

Related parties may be individuals or other entities. The following individuals and companies are related parties of the Group that had balances and/or transactions with the Group during the Track Record Period.

Names of the related parties	Nature of relationship
ICTW Corp.	Controlled by the same controlling shareholder
JiKe Investment Corp.	Controlled by the same controlling shareholder
VTC Electronics Corp.	Controlled by the same controlling shareholder
Qubit Corp.	Controlled by the same controlling shareholder
deView International Corp.	Controlled by the same controlling shareholder
Security Manufacturing Ltd.	Controlled by the same controlling shareholder
deView Electronics	Controlled by the same controlling shareholder
Ocin Corp.	Ultimate holding company

The following transactions were carried out with related parties:

(a) **Receipts of management services — recognized in general and administrative expenses and selling and marketing expenses**

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Total management service fee	<u>3,397</u>	<u>2,630</u>	<u>2,546</u>	<u>2,085</u>	<u>939</u>

Management service charged by VTC and ICTW represented the corporate expenses incurred by VTC and ICTW which were specifically identified as relating to listing business and recharged to the Group on a cost plus 5% basis.

The receipts of management services has ceased since May 2018.

(b) **Interest income**

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Entities controlled by the same controlling shareholder	<u>—</u>	<u>51</u>	<u>326</u>	<u>271</u>	<u>85</u>

(c) **Interest expense**

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Entities controlled by the same controlling shareholder	<u>1</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>—</u>

(d) Rental expenses

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Rental expenses of office premises	—	—	—	—	136

(e) Balances with related parties

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Loans advanced to related parties</i>				
Entities controlled by the same controlling shareholder	—	12,500	9,100	—

As of December 31, 2016, loans from the Group's subsidiary, IntelliCentrics Holding Corp., to the related parties amounted to US\$6,000,000 were unsecured with interest rate of 1%, denominated in US\$ and due within one year. Another loan from the Group's subsidiary, USA deView, to related parties amounted to US\$6,500,000 was unsecured with interest rate of 5%, denominated in US\$ and repayable on demand.

As of December 31, 2017, loans from the Group's subsidiary, IntelliCentrics Holding Corp., to the related parties amounted to US\$2,600,000 were unsecured, interest free, and repayable on demand. Another loan from the Group's subsidiary, USA deView, to related parties amounted to US\$6,500,000 was unsecured with the interest rate of 5%, was denominated in US\$ and was repayable on demand.

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Loans advanced from related parties</i>				
Entities controlled by the same controlling shareholder	100	100	—	—

As of December 31, 2015 and 2016, loans from the related parties to the Group's subsidiary, Victos Holding Corp., amounted to US\$100,000 were unsecured with interest rate of 3%, denominated in US\$ and due within one year.

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Amounts due from related parties</i>				
Entities controlled by the same				
controlling shareholder	306	82	123	—
<i>Amounts due to related parties</i>				
Entities controlled by the same				
controlling shareholder	748	4,014	646	142

Other than the loans advanced from and to related parties, amounts due to and from related parties are trade in nature, unsecured, interest free, repayable on demand and denominated in US\$.

All the amounts due to related parties as of December 31, 2017 were fully settled during the ten months ended October 31, 2018. The amounts due to related parties as of October 31, 2018 represents payable for office lease rental which is trade in nature.

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Cash dividend payables</i>				
Entities controlled by the same				
controlling shareholder	—	5,000	—	—

As of December 31, 2016, payables to related parties represented cash dividend distribution to the related parties which are controlled by the same Controlling Shareholder.

(f) Pledged deposits and guarantee provided for a related party's banking facility

These represent restricted bank deposits held at banks as a security for a banking facility of JiKe Investment Corp..

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Pledged deposits provided by the				
Group for a banking facility of				
related party	—	—	23,000	—

These represent the guarantee provided for a banking facility of JiKe Investment Corp.

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Guarantee provided by the Group for a banking facility of related party . .	—	—	47,043	—

The banking facility of related party, JiKe Investment Corp. was secured by bank deposits provided by the Group, and also jointly guaranteed by IntelliCentrics Holding Corp. and Mr. Tzung Liang Lin.

The pledged deposits and guarantee were released during the ten months ended October 31, 2018.

(g) Key management compensation

Key management includes directors and senior management of the Group.

Compensation of the key management personnel of the Group, including director's remunerations as disclosed in Note 8 to the Historical Financial Information, was as follows:

	Year ended December 31,			Ten months ended October 31,	
	2015	2016	2017	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000 (Unaudited)	US\$'000
Wages, salaries and bonuses	1,299	2,034	1,928	1,617	1,270
Pension cost — defined contribution plans . . .	3	4	18	19	20
Other benefits	—	—	—	—	—
	<u>1,302</u>	<u>2,038</u>	<u>1,946</u>	<u>1,636</u>	<u>1,290</u>

30 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments include the following:

	As at December 31,			As at October 31,
	2015	2016	2017	2018
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets at amortised cost:				
Deposits and other receivables	136	118	2,128	47
Amounts due from related parties	306	12,582	9,223	—
Restricted cash	8,530	3,208	23,968	21,500
Short-term bank deposits	—	—	—	260
Cash and cash equivalents	35,877	39,440	23,714	30,841
	<u>44,849</u>	<u>55,348</u>	<u>59,033</u>	<u>52,648</u>
Financial liabilities at amortised cost:				
Borrowings	10,387	9,100	500	42,354
Trade payables	13	11	54	43
Other payables and accruals	279	100	1,746	2,562
Amounts due to related parties	848	9,114	646	142
	<u>11,527</u>	<u>18,325</u>	<u>2,946</u>	<u>45,101</u>

The Company's financial instruments include the following:

	As at December 31,		As at October 31,
	2016	2017	2018
	US\$'000	US\$'000	US\$'000
Financial assets at amortised cost:			
Deposits and other receivables	—	—	11
Amounts due from related parties	2	2	602
Cash and cash equivalents	32	2,746	10,497
	<u>34</u>	<u>2,748</u>	<u>11,110</u>
Financial liabilities at amortised cost:			
Borrowings	—	—	42,354
Other payables and accruals	—	765	1,398
Amounts due to subsidiaries	—	—	22,350
Amounts due to related parties	—	—	142
	<u>—</u>	<u>765</u>	<u>66,244</u>

31 CONTINGENT LIABILITIES

In April, 2018, a former employee of the Group's subsidiary, IntelliCentrics Inc., filed a lawsuit in Denton County, Texas, USA against IntelliCentrics Inc., asserting certain claims for breach of employment agreement and age discrimination. As of the date of the issuance of this Historical Financial Information, the lawsuit is ongoing. By considering the facts as well as legal opinion from the external counsel, the Group expected that the possibility of defeat of the lawsuit was not probable and therefore no provision was provided.

Except as disclosed above, as of October 31, 2018, the Group did not have other material contingent liabilities.

32 PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Group as at the date of this report and during the Track Record Period are set out below:

				Effective interest held					
				As at December 31, 2015	As at December 31, 2016	As at December 31, 2017	As at October 31, 2018	As at the date of this report	
Name	Place and date of incorporation	Principal activities	Paid up capital						Note
USD'000									
Directly held									
Victos Holding Corp.	Samoa, October 31, 2003	Investment holding	5,339	100%	100%	100%	100%	100%	(b)
IntelliCentrics Zengine (Hong Kong) Company Limited	Hong Kong, April 11, 2018	Investment holding	13	N/A	N/A	N/A	100%	67%	(d)
Indirectly held									
IntelliCentrics Holding Corp.	Caymans Island, April 27, 2012	Investment holding	6,165	100%	100%	100%	100%	100%	(b)
Inception Point System Ltd.	UK, July 25, 2012	Investment holding	16,442	100%	100%	100%	100%	100%	(c)
IntelliCentrics UK Ltd.	UK, July 23, 2012	Provision of healthcare vendor credentialing and hospital vendor management solutions	2,050	100%	100%	100%	100%	100%	(c)
Zengine Ltd.	UK, August 28, 2013	Possession and management of intellectual property	3,050	100%	100%	100%	100%	100%	(c)
IntelliCentrics Solutions Inc.	Canada, July 20, 2012	Provision of healthcare vendor credentialing and hospital vendor management solutions	3,050	100%	100%	100%	100%	100%	(b)
USA deView, Inc.	USA, June 4, 2004	Investment holding and provision of administrative services to the group companies	33,889	100%	100%	100%	100%	100%	(b)
IntelliCentrics, Inc.	USA, May 19, 2010	Provision of healthcare vendor credentialing and hospital vendor management solutions	10	100%	100%	100%	100%	100%	(b)
VendorClear.com, LLC	USA, November 28, 2005	Inactive	5,000	100%	100%	100%	100%	100%	(b)
Status Blue LLC	USA, September 27, 2005	Inactive	5,795	100%	100%	100%	100%	100%	(b)
Who Are You Limited	UK, April 13, 2013	Provision of healthcare vendor credentialing and hospital vendor management solutions	1	N/A	N/A	N/A	N/A	100%	(e)

Notes:

- (a) All companies comprising the Group have adopted December 31, as their financial year end date.
- (b) No audited financial statements were issued for these subsidiaries as they are not required to issue audited financial statements under the statutory requirements of their place of incorporation.
- (c) The statutory financial statements of these subsidiaries for each of years ended December 31, 2015, 2016 and 2017 were audited by BDO LLP in UK.
- (d) No audited statutory financial statements have been issued, as the subsidiary was newly incorporated in 2018.
- (e) The subsidiary was acquired on December 27, 2018.

33 EVENTS AFTER THE REPORTING PERIOD

- (a) On November 27, 2018, the Group disposed of a 33% interest in a wholly-owned subsidiary, IntelliCentrics Zengine (Hong Kong) Company Limited to a third party, at a consideration of US\$132,000 without loss of control. The Group remains 67% interest in that subsidiary immediately after the transaction.
- (b) On December 27, 2018, the Group acquired 100% of equity interest of Who Are You Limited, a wholly owned private company based in the UK which is principally engaged in providing credential checking service in the UK, from independent third parties, for a total cash consideration of GBP2,545,000 (approximately US\$3,232,000) subject to the price adjustment according to the share purchase agreement.
- (c) In February 2019, the Company's Board of Directors adopted a resolution for a plan to grant not more than 11,700,000 shares option to qualified participants including employees with the exercise prices of US\$0.875 per share (approximately HK\$6.852). The share option period shall be 6 years from the date of grant and the share option shall lapse at the end of the share option period. 20% of the options shall vest on the first to fifth anniversary dates of the date of grant each year. Share options vested are exercisable upon the Company's Global Offering.
- (d) In February 2019, the Group contributed US\$0.3 million to a PRC-based entity, Beijing Sciencare Technology Co., Ltd., a joint venture of the Group.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to October 31, 2018 and up to the date of this report. Same as disclosed in this report, no dividends or distribution has been declared or made by the Company or any of its subsidiaries in respect of any period subsequent to October 31, 2018.

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the Reporting Accountant of the Company, as set out in Appendix I, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and Appendix I.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as of October 31, 2018 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at October 31, 2018 or at any future dates.

	Audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at October 31, 2018⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾	Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾	
	US\$'000	US\$'000	US\$'000	US\$	HK\$
Based on an Offer Price of HK\$5.32 per Share	(12,353)	49,941	37,588	0.08	0.65
Based on an Offer Price of HK\$7.19 per Share	(12,353)	68,580	56,227	0.13	0.98

Notes:

- (1) The audited consolidated net tangible liabilities information of the Group attributable to the equity holders of the Company as at October 31, 2018 is extracted from the Accountant's Report in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at October 31, 2018 of US\$600,000 with an adjustment for the intangible assets as at October 31, 2018 of US\$12,953,000.

- (2) The estimated net proceeds to be received by the Company from the Global Offering are based on the indicative Offer Price of HK\$5.32 and HK\$7.19 per Share, respectively, after taking into account of using the net proceeds of US\$15,050,000 to repay the outstanding balance of bank borrowings, net of the restricted cash balance, excluding listing expenses of approximately US\$3,767,000 which have been accounted for prior to October 31, 2018 by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, or any Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue and repurchase Shares, for further information of which see “Statutory and General information — A. Further Information about Our Company — 3. Resolutions of the Shareholders passed on March 14, 2019” in Appendix V to this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 449,470,655 Shares were in issue assuming that the Global Offering has been completed on October 31, 2018 but takes no account of any Shares which may be issued upon the exercise of the Over-Allotment Option, or any Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme, or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue and repurchase Shares, for further information of which see “Statutory and General information — A. Further Information about Our Company — 3. Resolutions of the Shareholders passed on March 14, 2019” in Appendix V to this prospectus.
- (4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to October 31, 2018.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the amounts stated in US\$ are converted into Hong Kong dollars at a rate of US\$1.00 to HK\$7.8195. No representation is made that United States dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

B. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Intellicentrics Global Holdings Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Intellicentrics Global Holdings Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at October 31, 2018, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated March 18, 2019, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at October 31, 2018 as if the proposed initial public offering had taken place at October 31, 2018. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended October 31, 2018, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at October 31, 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

March 18, 2019

The following is the preliminary financial information of our Group as of and for the year ended December 31, 2018 (“2018 Preliminary Financial Information”), together with comparative financial information as of and for the year ended December 31, 2017 and a discussion of changes in our financial condition and results of operations between the two periods. The 2018 Preliminary Financial Information does not constitute the consolidated financial statements of the Group for the year ended December 31, 2018 but is extracted from those financial statements. The 2018 Preliminary Financial Information has not been audited. Investors should bear in mind that the 2018 Preliminary Financial Information in this appendix may be subject to adjustments.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended December 31,	
		2017	2018
	Note	US\$'000	US\$'000 (unaudited)
Revenues	4	31,399	34,037
Cost of revenues	5	(1,606)	(2,089)
Gross profit		29,793	31,948
Selling and marketing expenses	5	(3,291)	(4,331)
General and administrative expenses	5	(9,864)	(12,839)
Research and development expenses	5	(5,877)	(8,839)
Other (losses)/gains, net	6	(987)	107
Operating profit		9,774	6,046
Finance costs	8	(79)	(1,281)
Finance income	9	813	856
Profit before income tax		10,508	5,621
Income tax expense	10	(2,696)	(2,572)
Profit for the year		7,812	3,049
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
— Currency translation differences		725	(580)
Profit and total comprehensive income for the year and attributable to owners of the Company		8,537	2,469
Earnings per share attributable to owners of the Company for the year (expressed in US\$ per share)			
— Basic and diluted	11	0.023	0.008

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December, 31	
		2017	2018
	Note	US\$'000	US\$'000 (unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment		55	81
Intangible assets	13	11,717	17,156
Deposits and prepayments		18	18
Restricted cash		23,000	15,050
		34,790	32,305
Current assets			
Deposits, prepayments and other receivables		2,823	2,412
Current income tax receivable		314	—
Amounts due from related parties		9,223	—
Restricted cash		968	6,450
Short-term bank deposits		—	260
Cash and cash equivalents		23,714	26,538
		37,042	35,660
Total assets		71,832	67,965
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		35	37
Share premium		2,838	20,836
Other reserves		8,318	(62,260)
Retained earnings		39,298	42,347
		50,489	960
Non-controlling interests		—	130
Total equity		50,489	1,090

		As at December, 31	
		2017	2018
		US\$'000	US\$'000 (unaudited)
		Note	
LIABILITIES			
Non-current liabilities			
Borrowings	14	—	29,690
Deferred income tax liabilities		1,101	2,110
		<u>1,101</u>	<u>31,800</u>
Current liabilities			
Borrowings	14	500	12,731
Trade payables	15	54	56
Other payables and accruals		3,054	3,762
Amounts due to related parties		646	24
Contract liabilities		15,807	17,258
Current income tax liabilities		181	1,244
		<u>20,242</u>	<u>35,075</u>
Total liabilities		<u><u>21,343</u></u>	<u><u>66,875</u></u>
Total equity and liabilities		<u><u>71,832</u></u>	<u><u>67,965</u></u>

NOTES TO THE 2018 PRELIMINARY FINANCIAL INFORMATION

1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The 2018 Preliminary Financial Information of our Group has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”). The accounting policies used in the preparation of the 2018 Preliminary Financial Information are consistent with those used in Accountant’s Report as set out in Note 2 in “Appendix I — Accountant’s Report”.

The 2018 Preliminary Financial Information has been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. For details on the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the 2018 Preliminary Financial Information, please see Note 4 in “Appendix I — Accountant’s Report”.

2 IMPACT OF ISSUED BUT NOT EFFECTIVE IFRSs

The following new standards and amendments to existing standards have been issued but are not yet effective and have not been early adopted by the Group.

	Effective for annual periods beginning on or after	Note
IAS 28 and IFRS 10 Sale or contribution of assets between an investor and its associate or joint venture	To be determined	
Amendment to IFRSs Annual improvements to IFRSs 2015–2017 Cycle	January 1, 2019	
IAS 19 Plan amendment, curtailment or settlement	January 1, 2019	
IAS 28 (Amendment) Long-term interests in associates and joint ventures	January 1, 2019	
IFRS 9 (Amendment) Prepayment features with negative compensation	January 1, 2019	
IFRS 16 Leases	January 1, 2019	(i)
IFRIC 23 Uncertainty over income tax treatments	January 1, 2019	
IAS 1 and IAS 8 Disclosure Initiative- Definition of Material	January 1, 2020	
IFRS 3 Definition of a Business	January 1, 2020	
IFRS 17 Insurance contracts	January 1, 2021	

Management is in the process of assessing the impact of these standards, amendments and interpretations to existing IFRS and set out below are those which may impact on the Group’s financial performance and position:

(i) IFRS 16 “Leases”

IFRS 16 “Leases” addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for in the statement of financial position for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group’s current accounting policy for such leases is set out in Note 2.20 of “Appendix I — Accountant’s Report” with the Group’s future operating lease commitments, which are not reflected in the consolidated statements of financial position. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognize certain leases outside of the statement of financial position. Instead, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group’s consolidated statements of

financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, the operating lease expenses will decrease, while depreciation and amortization and the interest expense will increase. The new standard is not expected to apply until the financial year beginning January 1, 2019. The Group's future aggregate minimum lease payments under operating leases are US\$339,000 as at December 31, 2018.

The Group will adopt IFRS 16 with effect from January 1, 2019 using the simplified transition approach as prescribed by IFRS 16 and will recognize the cumulative effect of initial application to opening retained profits as of 1 January 2019 and the comparatives will not be restated. The Group considers that the adoption of the new standard will have some impact on the financial position of the Group as the related right-of-use assets and lease liabilities will be recognised upon adoption of the new standard on January 1, 2019, except for the short-term leases of less than twelve months and lease of low-value assets that are exempted from applying this accounting model as a practical expedient. However, the impact to the financial performance of the Group will be minimal as the impact of amortisation of the right-of-use assets and unwinding the discount of the related payable will not be materially different from the operating lease charges that would have been recognised under the current standard.

3 SEGMENT INFORMATION

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group. The Chief Executive Officer of the Group reviews the internal reporting of the Group in order to allocate resources and assess performance.

As a result of this evaluation, the Chief Executive Officer of the Group considers that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the USA and earns substantially majority of the revenues from external customers attributed to the USA.

As at December 31, 2017 and 2018, the majority of the non-current assets (excluding restricted cash) of the Group were located in the USA.

There was no revenue from any individual subscribers contributing over 10% of the total revenue of the Group for the years ended December 31, 2017 and 2018.

4 REVENUES

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000
		(unaudited)
Credentialing service	29,558	32,265
Add-on services	1,841	1,772
	<u>31,399</u>	<u>34,037</u>

Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Timing of revenue recognition		
— Over time	31,080	33,562
— At a point in time	319	475
	<u>31,399</u>	<u>34,037</u>

5 EXPENSES BY NATURE

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Employee benefits expenses (including director's emoluments)	8,984	11,101
Payment process fees	911	976
Research and development professional service fees	1,407	3,304
Other professional service fees	609	1,303
Listing expenses	1,112	3,923
Promotion and advertisement expenses	1,149	1,178
Maintenance	1,154	1,310
Operating lease charges in respect of office premises	259	518
Management service fee	2,546	939
Amortization of intangible assets	279	256
Depreciation of property, plant and equipment	64	63
Cost of service (excluding employee benefits expenses and payment process fees)	364	688
Travelling expenses	150	710
Office supplies	291	413
Telephone	122	294
Utilities	50	56
Meeting expenses	76	312
Donation	215	152
Audit remuneration	—	181
Others	<u>896</u>	<u>421</u>
Total cost of revenues, selling and marketing expenses, general and administrative expenses and research and development expenses	<u>20,638</u>	<u>28,098</u>

6 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTOR'S EMOLUMENTS)

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Wages, salaries and bonuses	8,373	10,207
Pension costs — defined contribution plans	121	139
Other benefits	490	755
	<u>8,984</u>	<u>11,101</u>

7 OTHER (LOSSES)/GAINS, NET

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Foreign exchange (loss)/gain	(887)	397
Others	(100)	(290)
	<u>(987)</u>	<u>107</u>

8 FINANCE COSTS

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Interest expense on bank borrowings	77	1,281
Interest expense to related parties	2	—
	<u>79</u>	<u>1,281</u>

9 FINANCE INCOME

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Interest income from bank deposits	487	770
Interest income from amount due from related parties	326	86
	<u>813</u>	<u>856</u>

10 INCOME TAX EXPENSE**(i) Cayman Islands corporate income tax ("CIT")**

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) United Kingdom CIT

Entities incorporated in United Kingdom are subject to United Kingdom corporate income tax at a rate of 19% and 19% for the years ended December 31, 2017 and 2018 respectively.

(iii) USA CIT

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the USA and was calculated in accordance with the relevant regulations of the USA after considering the available tax benefits from refunds and allowances. CIT provision composed of federal tax and states tax. The general USA CIT rate is 39% and 26% for the years ended December 31, 2017 and 2018 respectively. In addition, upon payment of dividends by these companies to their shareholders, withholding tax of 5% will be imposed.

The reduction of the USA federal tax rate from 34% to 21% was substantively enacted in December 2017 and was effective from January 2018. As a result relevant deferred tax balances as at December 31, 2017 have been remeasured using the tax rate of 21% and deferred tax of US\$318,000 was reversed for the year ended December 31, 2017.

The amount of income tax expense charged to the consolidated statements of comprehensive income represents:

	Year ended December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Current income tax	2,554	1,655
Under-provision/(over-provision)	105	(157)
Deferred income tax	37	1,074
Income tax expense	<u>2,696</u>	<u>2,572</u>

11 EARNINGS PER SHARE

	Year ended December 31,	
	2017	2018
		(unaudited)
The Group's profit attributable to owners of the Company (US\$'000) .	7,812	3,049
Weighted average number of shares in issue ('000)	337,402	358,896
Basic earnings per share (US\$ per share)	0.023	0.008

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the year ended December, 31 2017 and 2018, respectively.

APPENDIX III**UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018****12 DIVIDENDS**

The Board did not recommend the payment of dividend in respect of profit for the year ended December 31, 2017 and 2018, respectively.

13 INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Software</u>	<u>Customer relationship</u>	<u>Technology platform</u>	<u>Others</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
At January 1, 2017						
Cost	9,524	2,618	5,402	—	1,241	18,785
Accumulated amortization and impairment	(1,064)	(2,585)	(1,901)	—	(1,241)	(6,791)
Net book amount	<u>8,460</u>	<u>33</u>	<u>3,501</u>	<u>—</u>	<u>—</u>	<u>11,994</u>
Year ended December 31, 2017						
Opening net book amount	8,460	33	3,501	—	—	11,994
Amortization charge	—	(29)	(250)	—	—	(279)
Exchange translation difference . . .	—	2	—	—	—	2
Closing net book amount	<u>8,460</u>	<u>6</u>	<u>3,251</u>	<u>—</u>	<u>—</u>	<u>11,717</u>
At December 31, 2017						
Cost	9,575	2,637	5,464	—	1,272	18,948
Accumulated amortization and impairment	(1,115)	(2,631)	(2,213)	—	(1,272)	(7,231)
Net book amount	<u>8,460</u>	<u>6</u>	<u>3,251</u>	<u>—</u>	<u>—</u>	<u>11,717</u>
Year ended December 31, 2018						
Opening net book amount	8,460	6	3,251	—	—	11,717
Additions	2,871	—	343	2,712	—	5,926
Amortization charge	—	(5)	(251)	—	—	(256)
Exchange translation difference . . .	(149)	—	(18)	(64)	—	(231)
Closing net book amount	<u>11,182</u>	<u>1</u>	<u>3,325</u>	<u>2,648</u>	<u>—</u>	<u>17,156</u>
At December 31, 2018						
Cost	12,217	2,625	5,747	2,648	1,234	24,471
Accumulated amortization and impairment	(1,035)	(2,624)	(2,422)	—	(1,234)	(7,315)
Net book amount	<u>11,182</u>	<u>1</u>	<u>3,325</u>	<u>2,648</u>	<u>—</u>	<u>17,156</u>

The carrying amount of goodwill, net of impairment loss, is allocated to the following cash generating units (“CGU”):

	As at December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
USA operation	8,460	8,460
UK operation	—	2,722
	<u>8,460</u>	<u>11,182</u>

In December 2018, the Group acquired 100% of the equity interests in Who Are You Limited, a wholly owned private company based in the UK which is principally engaged in providing credentialing services, from independent third parties, for a total cash consideration of GBP2,545,000 (approximately US\$3,232,000) subject to the price adjustment according to the share purchase agreement. As a result, on a preliminary basis, the Group recognized goodwill of US\$2,871,000 and customer relationships of US\$343,000 for the year ended December 31, 2018, respectively.

Impairment review on the goodwill of the Group has been conducted by the management as at December 31, 2018 according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amount of CGU is determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on approved business plan for the purposes of impairment reviews covering a five-year period. The cash flow projection is determined based on the future annual revenue, profit margin and operating costs of the subsidiary to which goodwill belongs. As at December 31, 2018, key assumptions for goodwill impairment assessment used for value-in-use calculations include operating profit margin, terminal sales growth rate and discount rate.

	As at December 31,	
	2017	2018
		(Unaudited)
USA operation		
Terminal sales growth rate	0.5%	2.7%
Operating profit margin	17.2%	14.2%
Pre-tax discount rate	<u>14.8%</u>	<u>15.4%</u>
UK operation		
Terminal sales growth rate	N/A	2.0%
Operating profit margin	N/A	40.2%
Pre-tax discount rate	<u>N/A</u>	<u>17.0%</u>

Terminal sales growth rate — The terminal sales growth rate is based on the historical data and management’s expectation on the future market.

Operating profit margin — The operating profit margin is based on the operating profit margin achieved in the year immediately before the budget year, adjusted for management’s expectation on the future efficiency improvements and market development.

Pre-tax discount rate — The pre-tax discount rate reflects specific risks relating to the relevant unit, which is determined using the capital asset pricing model with reference to the market information.

As of December 31, 2018, for USA operation, when each of the key assumptions described above remained unchanged, the recoverable amount exceeded the carrying amount by US\$48.5 million.

As of December 31, 2018, for UK operation, when each of the key assumptions described above remained unchanged, the recoverable amount exceeded the carrying amount by US\$4.1 million.

Sensitivity Analysis

The following table sets forth the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of the USA operation and UK operation, each of cash-generating unit as of the dates indicated. The potential impact was shown below on the recoverable amount as of the end of each year by applying a decrease of 10% in operating profit margin, a decrease of 300 basis points in terminal growth rate and an increase of 300 basis points in pre-tax discount rate, respectively. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, the Group believes that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of each cash-generating unit.

	As at December 31,	
	2017	2018
	US\$'000	US\$'000 (Unaudited)
Operating profit margin decreased by 10%		
USA operation	(11,668)	(14,946)
UK operation	N/A	(348)
	As at December 31,	
	2017	2018
	US\$'000	US\$'000 (Unaudited)
Terminal sales growth rate decrease 300 basis points		
USA operation	(3,562)	(10,737)
UK operation	N/A	(209)
	As at December 31,	
	2017	2018
	US\$'000	US\$'000 (Unaudited)
Pre-tax discount rate increase 300 basis points		
USA operation	(7,778)	(12,526)
UK operation	N/A	(664)

The Group has estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavorable possible values were assigned to those factors, the recoverable amount then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure goodwill's recoverable amount, would still exceed the carrying amount of goodwill, for both USA and UK operation.

14 BORROWINGS

	As at December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Long-term bank borrowings		
— secured	—	42,421
Less: Current portion of long-term bank borrowings	—	(12,731)
Non-current bank borrowings	—	29,690
Short-term bank borrowings		
— secured	—	—
— unsecured	500	—
	500	—
Add: Current portion of long-term bank borrowings		
— secured	—	12,731
	500	12,731
	500	42,421

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

	As at December 31,	
	2017	2018
	US\$'000	US\$'000 (unaudited)
Within 1 year	500	12,731
Between 1 and 5 years	—	29,690
	500	42,421

Secured bank borrowings are secured by the restricted cash of the Group.

The outstanding balance will be repayable on demand pursuant to a covenant requiring the Group to repay the loan using the net proceeds from the share issuance upon listing.

15 TRADE PAYABLES

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

	As at December 31,	
	2017	2018
	USD'000	US\$'000 (unaudited)
0–30 days	54	56

16 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On November 21, 2018, IntelliCentrics Zengine (Hong Kong) Company Limited (“IntelliCentrics HK”) which was formerly a wholly owned subsidiary of the Company, became owned by a third party as to 33%, through subscription by the third party of shares representing 33% of the shares (as enlarged by the subscription) of IntelliCentrics HK, at a consideration of HK\$1,029,600 (equivalent to US\$131,200) without loss of control. The Group retains 67% interest in that subsidiary immediately after the transaction. The carrying amount of the 33% equity interest in IntelliCentrics HK on the date of subscription by the third-party shareholder was approximately US\$130,000. The Group recognized an increase in non-controlling interests of approximately US\$130,000 and an increase in other reserve of approximately US\$2,000.

17 EVENTS AFTER THE REPORTING PERIOD

In February 2019, the Company’s Board of Directors adopted a resolution for a plan to grant not more than 11,700,000 share options to qualified participants including employees with the exercise price of US\$0.875 per share (approximately HK\$6.852 per share). The share option vesting period is 6 years from the date of grant and the share option will lapse at the end of the share option period. 20% of the options will be vested on each of the first to fifth anniversary dates of the date of grant each year. Share options vested are only exercisable upon the Company’s Global Offering.

In February 2019, the Group contributed US\$0.3 million to a PRC-based entity, Beijing Sciencare Technology Co., Ltd., a joint venture of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS**Business Review**

We operate a credentialing platform for compliance and security purposes in the healthcare industry, which collects, processes and verifies data and information in accordance with the different requirements of LoCs so that the data and information can be trusted to determine whether the subscriber is compliant with the requirements. We currently offer two main services on our platform: vendor credentialing solution and medical credentialing solution, and derive substantially all of our revenue from annual membership fees received from our paying subscribers for these solutions. We also offer certain “add-on” services to help our subscribers maintain verified status in a time- and cost-efficient manner.

In 2018, we continued to offer our vendor credentialing solution, our first and principal solution, from which we generated the vast majority of our revenue. Its profitability remained stable. As of December 31, 2018, we had 10,679 registered LoCs of our vendor credentialing solution, among which 10,471 were in the United States, eight in Canada and 200 in the United Kingdom, respectively. As of the same date, we had 118,331 vendor subscribers in the United States, 4,075 vendor subscribers in the United Kingdom and 57 vendor subscribers in Canada, respectively. More importantly, in March 2018, we launched our medical credentialing solution and have been growing the LoC base and paying subscriber base of this solution ever since. As of December 31, 2018, the LoCs adopting our medical credentialing solution and our medical staff subscribers reached 723 and 874, respectively, most of which signed up on our platform in the last two months of 2018.

From January 1, 2018, we unified our membership system to a universal annual membership fee of US\$287. Under our prior four-level membership system, our blended average annual subscription fee was US\$242.2 in 2017. Primarily due to the fee raise, our revenue increased by 8.3% from US\$31.4 million in 2017 to US\$34.0 million in 2018. Affected by our significant investments in research and development for medical credentialing and pipeline solutions and Listing expenses, our net profit decreased by 61.0% from US\$7.8 million in 2017 to US\$3.0 million in 2018.

Future Plans and Prospects

We strive to become the operator of a world-leading credentialing platform for compliance and security purposes in the healthcare industry that innovates and offers solutions based on verified data and information for users to monitor and comply with compliance requirements. To realize our goals, we plan to pursue the following strategies:

- We intend to reinforce our leading position through continued investments in growing our registered LoCs base, particularly with respect to driving LoCs to adopt our medical credentialing solution. We also plan to achieve this by leveraging our long-term relationships with existing registered LoCs to capture more LoCs to adopt our platform and different solutions.

- We plan to ramp up the penetration of the addressable medical credentialing market by increasing our investment in sales and marketing efforts to promote our medical credentialing solution to LoCs, medical staff and organizations of healthcare professionals. Additionally, we plan to strengthen our customer service to medical staff to enhance the user experience of our medical staff solution.
- We will continue to develop new solutions and add-on services to serve our existing and future subscribers. Currently, we have four major pipeline solutions, including entity credentialing, master scheduling, E-Badge and referral and recruitment. These solutions are expected to be launched in 2019 and contribute to our revenue growth.
- We seek to further implement our China strategies and roll out our business in China through our joint venture with Mr. Li Zheng, an ex-senior manager of Baidu's healthcare unit. We intend to first target Internet-based hospitals (namely, online platforms enabling healthcare institutions and medical professionals to provide healthcare services) that are specialized in certain clinical departments as their strategic focus.
- We are pursuing strategic alliances, investments and acquisition opportunities, especially for partners and targets that can contribute to the growth of LoCs or provide us potential gateways into our targeted markets. Our most recent acquisition of WAY in December 2018 is an example of the type of target we will pursue to gain further access to a market.

Since December 31, 2018, we did not experience any significant change in our pricing and there was no material change in our paying subscriber base. Except for Listing expenses as disclosed in this prospectus, to the best of our Directors' knowledge, since December 31, 2018, there was no material adverse change to our financial position or business prospects in 2019 up to the Latest Practicable Date.

Results of Operations

The following table sets forth certain income and expense items from our consolidated statements of profit or loss and other comprehensive income and such items as a percentage of our revenue for the years indicated:

	Year ended December 31,			
	2017		2018	
	Amount	% of revenue	Amount	% of revenue
	(unaudited)			
	(in thousands of US\$, except for percentages)			
Revenue	31,399	100.0	34,037	100.0
Cost of sales	(1,606)	(5.1)	(2,089)	(6.1)
Gross profit	29,793	94.9	31,948	93.9
Selling and marketing expenses	(3,291)	(10.5)	(4,331)	(12.7)
General and administrative expenses	(9,864)	(31.4)	(12,839)	(37.7)
Research and development expenses	(5,877)	(18.7)	(8,839)	(26.0)
Other (losses)/gains, net	(987)	(3.1)	107	0.3
Operating profit	9,774	31.2	6,046	17.8
Finance costs	(79)	(0.3)	(1,281)	(3.8)
Finance income	813	2.6	856	2.5
Profit before income tax	10,508	33.5	5,621	16.5
Income tax expense	(2,696)	(8.6)	(2,572)	(7.5)
Profit for the year	<u>7,812</u>	<u>24.9</u>	<u>3,049</u>	<u>9.0</u>

Revenue

In 2017 and 2018, substantially all of our revenue was generated in the United States, with less than one percent of our total revenue generated in the United Kingdom and Canada.

Our revenue increased by 8.4% from US\$31.4 million in 2017 to US\$34.0 million in 2018, primarily attributable to an increase in revenue from credentialing services, and, to a lesser extent, an increase in revenue from add-on services other than online training. The following table sets forth a breakdown of our revenue by solutions and add-on services for the years indicated:

	Year ended December 31,			
	2017		2018	
	Amount	% of revenue	Amount	% of revenue
	(unaudited)			
	(in thousands of US\$, except percentages)			
Credentialing Solutions				
Vendor credentialing ⁽¹⁾	29,558	94.1	32,154	94.5
Medical credentialing	—	—	111	0.3
Subtotal	29,558	94.1	32,265	94.8
Add-On Services				
Online training ⁽²⁾	1,285	4.1	671	2.0
Other add-on services ⁽³⁾	556	1.8	1,101	3.2
Subtotal	1,841	5.9	1,772	5.2
Total	31,399	100.0	34,037	100.0

Notes:

- (1) Primarily including revenue from (i) subscription of the annual membership of our vendor credentialing solution in 2017 and 2018; and (ii) subscription of the expedited processing option in 2017. Under our prior four-level membership system, only subscribers who purchased the higher level membership that included the expedited processing option or those who purchased the expedited processing option separately could enjoy expedited processing. Under our new membership system, effective from January 1, 2018, the expedited processing option was integrated as a part of the annual membership package to all paying vendor subscribers. See “Business — Pricing and Payment — Pricing” and “Business — Our Solutions and Add-On Services — Credentialing Solutions — Vendor Credentialing Solution — Vendor Subscribers” for details.
- (2) We changed our membership system and have ceased to offer online training as an add-on service since January 1, 2018, when it was integrated as a part of the annual membership package to all paying vendor subscribers. See “Business — Pricing and Payment — Pricing” and “Business — Our Solutions and Add-On Services — Credentialing Solutions — Vendor Credentialing Solution — Vendor Subscribers” for details. The revenue recognized as online training in 2018 represented the fees received in 2017 for subscription of online training but recognized as contract liabilities.
- (3) Primarily including revenue from radiation exposure monitoring, immunizations and vaccinations (including drug and antibody testing), criminal background check and general & professional liability insurance referral.

Revenue from credentialing services increased by 9.2% from US\$29.6 million in 2017 to US\$32.3 million in 2018, primarily because we unified our annual membership fee at four levels, which represented a blended average annual subscription fee of US\$242.2, to a single fee of

US\$287. This increase was partially offset by the effect of ceasing to charge separate fees for subscriptions to the expedited processing option since January 1, 2018, when it became a part of our annual membership package.

We launched our medical credentialing solution in March 2018 and began recognizing revenue from such solution after we received relevant annual subscription fees. We had 874 paying subscribers as of December 31, 2018, most of which joined us in the last two months of 2018. Given that the revenue from credentialing services is recognized on a deferred basis, we did not generate significant revenue from medical credentialing solution in 2018. Additionally, 723 LoCs have adopted our platform for our medical credentialing as of December 31, 2018. However, medical staff associated with these LoCs are not required to subscribe to our medical credentialing solution until the expiration of their credentialing cycle with the relevant LoCs, upon which time medical staff must be re-credentialed with the LoC. The credentialing cycle of medical staff generally ranges from two to three years. See “Business — Our Solutions and Add-On Services — Credentialing Solutions — Medical Credentialing Solution” for details. As such, we expect the deferral due to the time for expiry of the credentialing cycle in the growth of medical staff subscribers and revenue from our medical credentialing solution to continue in the ramp-up period.

Revenue from add-on services decreased by 3.7% from US\$1.84 million in 2017 to US\$1.77 million in 2018, primarily due to the effect of ceasing to charge separate fees for subscriptions of online training as an add-on service since January 1, 2018, when it became a part of our annual membership package. Such decrease was partially offset by an increase in revenue from other add-on services, which was primarily attributable to increased purchases of our radiation exposure monitoring and immunization and vaccinations (including drug and antibody test) services.

Cost of Revenues

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

	Year ended December 31,			
	2017		2018	
	Amount	% of revenue	Amount	% of revenue
				(unaudited)
	(in thousands of US\$, except percentages)			
Employee benefits expenses	331	1.1	426	1.2
Payment processing fees	911	2.9	976	2.9
Others ⁽¹⁾	364	1.1	687	2.0
Total	1,606	5.1	2,089	6.1

Note:

- (1) Primarily including fees paid to suppliers of services in relation to online training (which used to be an add-on service and became a part of our annual membership package since January 1, 2018) and other add-on services.

Our total cost of revenues increased by 30.1% from US\$1.6 million in 2017 to US\$2.1 million in 2018, primarily due to (i) an increase in fees paid to suppliers of services in relation to online training and other add-on services, reflecting increased purchases of these services; and (ii) to a lesser extent, an increase in employee benefits expenses as a result of increased hourly rate and an increased number of our credentialing staff. The increase in employee benefits expenses was primarily due to the expedited processing option, which used to be applicable to a portion of our vendor subscribers, being integrated as a part of our annual membership package since January 1, 2018. This essentially shortened the average turnaround time for completion of the credentialing process for all vendor subscribers and thus increased the workload of our credentialing staff.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 7.2% from US\$29.8 million in 2017 to US\$31.9 million in 2018. Our gross profit margin decreased from 94.9% in 2017 to 93.9% in 2018, primarily attributable to an increased portion of revenue being received from our add-on services other than online training, the gross profit margin of which is lower than that of our credentialing solutions.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses by nature of the expenses for the years indicated:

	Year ended December 31,			
	2017		2018	
	Amount	% of revenue	Amount	% of revenue
	(unaudited)			
	(in thousands of US\$, except percentages)			
Employee benefits expenses	1,840	5.9	2,623	7.7
Promotion and advertisement expenses . .	1,149	3.7	1,178	3.5
Others ⁽¹⁾	302	0.9	530	1.5
Total	3,291	10.5	4,331	12.7

Note:

- (1) Including professional service fees and operating lease charges in respect of office premises, amortization of intangible assets, and depreciation of property, plant and equipment.

Our selling and marketing expenses increased by 31.6% from US\$3.3 million in 2017 to US\$4.3 million in 2018, primarily attributable to an increase of 42.6% in employee benefit expenses from US\$1.8 million in 2017 to US\$2.6 million in 2018, which was primarily due to new hiring of sales and marketing employees to strengthen our sales and marketing force for promoting our newly launched medical credentialing solution. As a percentage of our revenue, selling and marketing expenses increased from 10.5% in 2017 to 12.7% in 2018.

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses by nature of the expenses for the years indicated:

	Year ended December 31,			
	2017		2018	
	Amount	% of revenue	Amount	% of revenue
	(unaudited)			
	(in thousands of US\$, except percentages)			
Employee benefits expenses	3,175	10.1	3,899	11.5
Management service fees	2,546	8.1	939	2.7
Listing expenses	1,112	3.5	3,923	11.5
Operating lease charges in respect of				
office premises	256	0.8	509	1.5
Others ⁽¹⁾	2,775	8.9	3,569 ⁽²⁾	10.5
Total	9,864	31.4	12,839	37.7

Notes:

- (1) Including amortization of intangible assets, depreciation of property, plant and equipment, travel expenses, insurance and general office expenses.
- (2) Including audit remuneration of US\$181,000.

Our general and administrative expenses increased by 30.2% from US\$9.9 million in 2017 to US\$12.8 million in 2018, primarily attributable to a significant increase in Listing expenses from US\$1.1 million in 2017 to US\$3.9 million in 2018. As a percentage of our revenue, general and administrative expenses increased from 31.4% in 2017 to 37.7% in 2018. Excluding Listing expenses, general and administrative expenses as a percentage of our revenue would have decreased from 27.9% in 2017 to 26.2% in 2018.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses by nature of the expenses for the years indicated:

	Year ended December 31,			
	2017		2018	
	Amount	% of revenue	Amount	% of revenue
	(unaudited)			
	(in thousands of US\$, except percentages)			
Employee benefits expenses	3,638	11.6	4,153	12.2
Professional service fees	1,407	4.5	3,304	9.7
Others ⁽¹⁾	832	2.6	1,382	4.1
Total	5,877	18.7	8,839	26.0

Note:

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

Our research and development expenses increased by 50.4% from US\$5.9 million in 2017 to US\$8.8 million in 2018, primarily due to the research and development of our pipeline solutions. Specifically, the increase was due to (i) a significant increase in professional service fees from US\$1.4 million in 2017 to US\$3.3 million in 2018 in relation to certain research projects for purposes of our pipeline solutions performed by technology consulting firms commencing in 2018; and (ii) an increase of 14.2% in employee benefits expenses from US\$3.6 million in 2017 to US\$4.2 million in 2018, which was due to new hiring of research and development employees to strengthen our research and development capability for our pipeline solutions. As a percentage of our revenue, research and development expenses increased from 18.7% in 2017 to 26.0% in 2018.

Other (Losses)/Gains, Net

We had other gains, net of US\$0.1 million in 2018 compared to other losses, net of US\$1.0 million in 2017, primarily due to the foreign exchange gain of our UK subsidiaries resulting from the depreciation of GBP against US\$ in 2018.

Finance Costs

Our finance costs increased significantly from US\$79,000 in 2017 to US\$1.3 million in 2018, primarily due to the bank facility to finance the acquisition of Victos from ICTW as a part of the Reorganization in April 2018 (the “Reorganization Facility”).

Finance Income

Our finance income remained largely stable at US\$0.8 million and US\$0.9 million in 2017 and 2018, respectively.

Income Tax Expense

Our income tax expense decreased by 4.6% from US\$2.7 million in 2017 to US\$2.6 million in 2018, primarily due to (i) a significant decrease in our taxable income and (ii) the enforcement of the Tax Cuts and Jobs Act of 2017 in the United States, which reduced our applicable federal corporate income tax rate from 34% to 21% in the United States effective from January 2018.

Our effective tax rate increased significantly from 25.7% in 2017 to 45.8% in 2018, primarily due to significant Listing expenses incurred by our Company, which is incorporated in the Cayman Islands and is therefore not subject to corporate income tax.

Net Profit and Net Profit Margin

Our net profit decreased by 61.0% from US\$7.8 million in 2017 to US\$3.0 million in 2018. Our net profit margin decreased from 24.9% in 2017 to 9.0% in 2018. The significant decrease in net profit and net profit margin was primarily due to the increased research and development expenses and Listing expenses, while our revenue grew at a lower rate of 8.4%.

Discussion of Certain Key Balance Sheet Items

The following table sets forth a breakdown of our current assets and current liabilities and total equity as of the dates indicated:

	As of December 31,	
	2017	2018
	(unaudited)	
	(in thousands of US\$)	
Current assets		
Deposits, prepayments and other receivables	2,823	2,412
Current income tax receivable	314	—
Amounts due from related parties	9,223	—
Restricted cash	968	6,450
Short-term bank deposits	—	260
Cash and cash equivalents	23,714	26,538
Total current assets	37,042	35,660
Current liabilities		
Borrowings	500	12,731
Trade payables	54	56
Other payables and accruals	3,054	3,762
Amounts due to related parties	646	24
Contract liabilities	15,807	17,258
Current income tax liabilities	181	1,244
Total current liabilities	20,242	35,075
Net current assets	16,800	585
Total Equity	50,489	1,090

Net Current Assets

Our net current assets decreased from US\$16.8 million as of December 31, 2017 to US\$0.6 million as of December 31, 2018, primarily due to (i) a significant increase in total current liabilities due to an increase in borrowings, which represented the current portion of the Reorganization Facility; and (ii) a decrease in total current assets, which was ultimately attributable to (a) cash consideration of US\$70.0 million for the acquisition of Victos from ICTW as a part of the Reorganization in April 2018 and (b) cash consideration of US\$3.2 million paid upon the completion of the WAY Acquisition in December 2018. The decrease was partially offset by (a)

proceeds from the Reorganization Facility of US\$42.4 million and (b) proceeds from issuance of Shares of US\$18.0 million in relation to the Pre-IPO Investments. See “History, Reorganization and Development — The Pre-IPO Investments.”

Amounts Due from Related Parties

Amounts due from related parties consisted of loans advanced to related parties of US\$9.2 million as of December 31, 2017, which had been settled in full by October 31, 2018.

Restricted Cash

The current and non-current portion of our restricted cash consisted primarily of restricted deposits held at the relevant lenders as security corresponding to the current and non-current portion of relevant bank facilities, respectively. The following table sets forth our restricted cash as of the dates indicated:

	As of December 31,	
	2017	2018
	(unaudited)	
	(in thousands of US\$)	
Restricted cash — current	968	6,450
Restricted cash — non-current	<u>23,000</u>	<u>15,050</u>
Total	<u>23,968</u>	<u>21,500</u>

The current restricted cash as of December 31, 2017 represented the restricted deposits as security for a bank facility of our Group, which was released shortly after the balance sheet date given the underlying facility had been repaid by then. The non-current restricted cash as of December 31, 2017 represented the restricted deposits as security for a related party’s bank facility, which was early released before June 30, 2018. The current and non-current restricted cash as of December 31, 2018 represented the restricted deposits as security for the Reorganization Facility.

Trade Payables

Our trade payables remained largely stable at US\$54,000 and US\$56,000 as of December 31, 2017 and 2018, respectively.

The following table sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,	
	2017	2018
Trade payables turnover days ⁽¹⁾	<u>7.4</u>	<u>9.6</u>

Note:

- (1) Turnover days of trade payables is calculated by dividing (i) average of the beginning and ending balance of trade payables of the year by (ii) cost of revenues for the year multiplied by (iii) actual number of days for the year.

Our trade payable turnover days increased from 7.4 days in 2017 to 9.6 days in 2018, primarily due to the increased payables to the suppliers of services in relation to online training and other add-on services. Compared to credit card companies, which required immediate payment, our major suppliers for online training and other add-on services granted credit terms ranging from 15 to 30 days.

Amounts Due to Related Parties

Amounts due to related parties amounted to US\$0.6 million as of December 31, 2017, which consisted primarily of management fees payable and expense allocation of shared administrative services, which had been settled in full in 2018. The amounts due to related parties of US\$24,000 as of December 31, 2018 consisted of rent payable under an office lease agreement we entered into with VTC Electronics in April 2018. See “Financial Information — Material Related Party Transactions” for details.

Contract Liabilities

Contract liabilities represent annual membership fees and fees for certain add-on services, including online training and radiation exposure monitoring paid by our subscribers, which had not been recognized as revenue. We collect the annual membership fees in advance and amortize them over the year to recognize our revenue. The unamortized membership fees and fees collected from certain add-on services that had not been rendered as of the end of the year is thus classified as contract liabilities in the consolidated statements of financial position and will be recognized as revenue over the following year. See “Financial Information — Critical Accounting Policies — Revenue Recognition.” Our contract liabilities increased by 9.2% from US\$15.8 million as of December 31, 2017 to US\$17.3 million as of December 31, 2018, primarily due to the increase of our annual membership fee since January 1, 2018.

Intangible Assets

Our intangible assets include mainly (i) goodwill and customer relationships recognized as the sum of the consideration minus the fair value of the identifiable net assets acquired and transaction cost in relation to our acquisitions and (ii) capitalization of our development expenditures. Our

intangible assets increased by 47.0% from US\$11.7 million as of December 31, 2017 to US\$17.2 million as of December 31, 2018, which was primarily due to (i) goodwill and customer relationships of US\$3.2 million recognized in relation to the WAY Acquisition in December 2018 and (ii) capitalization of development expenditures for certain pipeline solutions as the stage of their development satisfied our criteria for capitalization.

Total Equities

We had total equities of US\$50.5 million and US\$1.1 million as of December 31, 2017 and 2018, respectively. The significant decrease was primarily due to the cash consideration of US\$70.0 million for the acquisition of Victos from ICTW as a part of the Reorganization, which was recognized as deemed distribution, and in turn resulted in negative other reserve of US\$62.2 million. For details of this acquisition, see “History, Reorganization and Development — Our Reorganization — Reorganization Steps — Steps 3: Acquisition of the Listing Business by our Company.”

Key Financial Ratios

The following table sets forth key financial ratios as of and for the years indicated:

	As of and for the year ended December 31,	
	2017	2018
Gross profit margin	94.9%	93.9%
Net profit margin	24.9%	9.0%
Current ratio ⁽¹⁾	1.8	1.0
Gearing ratio ⁽²⁾	1.0%	3,891.8%
Return on equity ⁽³⁾	18.8%	11.8%
Return on assets ⁽⁴⁾	11.1%	4.4%

Notes:

- (1) Current ratio is calculated by dividing (i) current assets by (ii) current liabilities as of the date indicated.
- (2) Gearing ratio is calculated by dividing (i) total debts by (ii) total equity.
- (3) Return on equity is calculated by dividing (i) profit for the year by (ii) the average of the beginning and end balance of total equity of the year.
- (4) Return on assets is calculated by dividing (i) profit for the year by (ii) the average of the beginning and end balance of total assets of the year.

Gross Profit Margin

For details of our gross profit margin, see “— Results of Operations — Gross Profit and Gross Profit Margin.”

Net Profit Margin

For details of our net profit margin, see “— Results of Operations — Net Profit and Net Profit Margin.”

Current Ratio

Our current ratio decreased from 1.8 as of December 31, 2017 to 1.0 as of December 31, 2018, primarily due to (i) a significant increase in total current liabilities; and (ii) a decrease in total current assets. See “— Discussion of Certain Key Balance Sheet Items — Net Current Assets” for details.

Gearing Ratio

Our gearing ratio increased significantly from 1.0% as of December 31, 2017 to 3,891.8% as of December 31, 2018, primarily due to (i) the Reorganization Facility and (ii) the significant decrease in total equity as a result of the Reorganization, details of which are set out in “— Discussion of Certain Key Balance Sheet Items — Total Equities.”

Return on Equity

Our return on equity decreased from 18.8% in 2017 to 11.8% in 2018, primarily due to a decrease of 61.0% in net profit, which was partially offset by a decrease in our average total equities as a result of the Reorganization, details of which are set out in “— Discussion of Certain Key Balance Sheet Items — Total Equities.”

Return on Assets

Our return on assets decreased from 11.1% in 2017 to 4.4% in 2018, primarily due to a decrease of 62.0% in net profit while our total assets remained largely stable.

CAPITAL EXPENDITURE AND COMMITMENTS**Capital Expenditure**

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

	Year ended December 31,	
	2017	2018
		(unaudited)
	(in thousands of US\$)	
Property, plant and equipment	8	92
Intangible assets	—	5,926
Total	8	6,018

Our capital expenditure increased significantly from US\$8,000 in 2017 to US\$6.0 million in 2018, primarily due to (i) goodwill recognized in relation to the WAY Acquisition and (ii) capitalization of the development expenditures. See “— Management Discussion and Analysis — Discussion of Certain Key Balance Sheet Items — Intangible Assets.” We do not expect to incur any significant capital expenditure in 2019 other than capitalization of development expenditures. We have primarily financed, and expect to continue to finance, our capital expenditure mainly through internally generated cash flows.

Capital Commitments

As of December 31, 2018, we were committed to an initial capital injection to Sciencare Technology, a joint venture of our Company, of approximately US\$1.0 million pursuant to the agreements entered into in May 2018. There is no deadline in the agreements as to the time of the contribution in respect of such commitment. In February 2019, we contributed US\$0.3 million to Sciencare Technology as the first installment of our committed capital injection.

Lease Commitment

We lease servers and office buildings under non-cancellable operating lease agreements. The lease terms are between one and five years, and the majority of lease agreements are renewable at the end of the lease period at market rates. The following table sets forth our total future aggregate minimum lease payments under non-cancellable operating leases as of the dates indicated:

	As of December 31,	
	2017	2018
		(unaudited)
	(in thousands of US\$)	
No later than 1 year	277	309
Later than 1 year and no later than 5 years	<u>221</u>	<u>30</u>
Total	<u>498</u>	<u>339</u>

INDEBTEDNESS

Our indebtedness includes bank borrowings. The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,	
	2017	2018
		(unaudited)
	(in thousands of US\$)	
Borrowings		
Current	500	12,731
Non-current	<u>—</u>	<u>29,690</u>
Total	<u>500</u>	<u>42,421</u>

As of December 31, 2017, the current borrowing balance represented a borrowing of US\$0.5 million of which the interest rate ranged between 1.50% and 3.07%.

As of December 31, 2018, the borrowing balance represented the Reorganization Facility, the current and non-current portion of which amounted to US\$12.7 million and US\$29.7 million, respectively. Its interest rate was initially 4.34% and was updated to 4.45% in October 2018. The Reorganization Facility is secured by certain bank deposits. See “— Management Discussion and Analysis — Discussion of Certain Key Balance Sheet Items — Restricted Cash” for details.

Except as disclosed above, as of December 31, 2018, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance

credits, debentures, mortgages, charges or hire purchase commitments, guarantees or other contingent liabilities, nor were we subject to any material covenants relating to our outstanding debts.

CONTINGENT LIABILITIES

As of December 31, 2018, we were involved in a pending litigation with a former employee of IntelliCentrics USA as disclosed in “Business — Legal Proceedings and Compliance — Legal Proceedings — Dispute with a Former Employee” and Note 31 to the Accountant’s Report in Appendix I to this prospectus.

Except as disclosed above, we did not have any material contingent liabilities as of December 31, 2018.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please see “Financial Information — Financial Risk Disclosure” for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

As we were not yet listed on the Hong Kong Stock Exchange for the year ended December 31, 2018, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (“Corporate Governance Code”) was not applicable to us during such period under review. After the Listing, we will comply with the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

We established an audit committee, which will come into operation with effect from the Listing, in compliance with the Corporate Governance Code. Each of the proposed members of the audit committee has reviewed the 2018 Preliminary Financial Information as set out in this appendix.

The unaudited financial information in respect of our consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2018 as set out in the 2018 Preliminary Financial Information above has been agreed by the Reporting Accountants to the amounts set out in the Group’s draft financial statements for the year following their work under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Reporting Accountants on the 2018 Preliminary Financial Information.

PURCHASE, SALES OR REDEMPTION OF OUR SHARES

As we were not yet listed on the Hong Kong Stock Exchange for the year ended December 31, 2018, this disclosure requirement is not applicable to us.

**SUMMARY OF THE ARTICLES OF ASSOCIATION AND THE CAYMAN COMPANIES
LAW**

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of the Cayman Companies law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 3, 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Memorandum and Articles.

1. MEMORANDUM OF ASSOCIATION

- 1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- 1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on March 14, 2019. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(b) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, provided that the necessary quorum (other than at an adjourned meeting) shall be not less

than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(c) *Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date 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; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) *Transfer of shares*

Subject to the Cayman Companies Law and the requirements of the Hong Kong Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Hong Kong Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Hong Kong Stock Exchange) and shall also be free from all liens.

(e) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Hong Kong Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) *Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(g) *Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice 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 Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, as of the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (i) resigns;
- (ii) dies;
- (iii) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) he is prohibited from being or ceases to be a director by operation of law;
- (vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (viii) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or

done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) *Borrowing powers*

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any

executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(g) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in

such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or

share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under the Cayman Companies law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

2.5 Meetings of member

(a) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (i) at least two members;
- (ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorized as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorised. A person authorized in accordance with this provision shall be deemed to have been duly

authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) *Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Hong Kong Stock Exchange at such time and place as may be determined by the Board.

(d) *Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of the Company shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(e) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(f) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his

intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(g) Members' requisition for meetings

Extraordinary general meetings shall be convened on the requisition of one or more members holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the Company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised

financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Hong Kong Stock Exchange.

2.7 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Hong Kong Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Companies Law, as summarized in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (a) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (b) if the Company is wound up and the assets available for distribution among the members as such are 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 on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on June 3, 2016 subject to the Cayman Companies Law. Certain provisions of the Cayman Companies Law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premiums on

shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Cayman Companies Law;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any

redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a 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. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Companies law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or

derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking from the Cabinet of the Cayman Islands that:

- (a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and
- (b) 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 by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of withholding in whole or in part of any relevant payment as defined in the Tax Concessions Law.

The undertaking for the Company is for a period of 20 years from September 3, 2018.

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 for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands.

3.15 Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

The Cayman Companies Law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of the Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on June 3, 2016.

We have been registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company since March 27, 2018 and our principal place of business in Hong Kong is at 31/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. In compliance with the requirements of the Companies Ordinance, Ms. Leung Shui Bing has been appointed as the authorized representative in Hong Kong for the acceptance of service of process and any notice required to be served on our Company in Hong Kong. The address for service of process is IntelliCentrics Global Holdings Ltd. c/o TMF Hong Kong Limited, 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

Our Company is subject to the Cayman Companies Law and its constitution comprises the Memorandum and, with effect from and conditional upon Listing, the Articles. A summary of certain relevant parts of its constitution and certain relevant aspects of the Cayman Companies Law is set out in Appendix IV to this prospectus.

2. Changes in Share Capital of our Company

As of the date of our incorporation, the authorized share capital of our Company was US\$6,200,000 divided into 62,000,000 Shares of nominal value of US\$0.1 each. The following sets out the changes in our Company's issued share capital since the date of its incorporation:

- (a) On June 3, 2016, our Company issued and allotted one Share to the initial subscriber at US\$0.63 per Share. On the same date, such one Share was transferred to Ocina for a consideration of US\$0.63 and an aggregate of additional 9,999 Shares were allotted and issued at the same price per Share by our Company to Ocina for a consideration of US\$6,299.37, and the consideration was fully paid and settled in cash.
- (b) On September 21, 2016, an aggregate of 53,300 Shares were allotted and issued at a price of US\$0.63 per Share by our Company to Ocina for a consideration of US\$33,579 which was fully paid and settled in cash.
- (c) On August 28, 2017, the authorized share capital of our Company was reduced and subdivided from US\$6,200,000 divided into 62,000,000 Shares having a par value of US\$0.1 each to US\$62,000 divided into 620,000,000 Shares having a par value of US\$0.0001 each. On the same date, our Company repurchased 63,300 Shares, representing the then entire issued share capital of our Company, from Ocina and such Shares were cancelled against the then issued share capital of our Company.

On the same date, an aggregate of 633,000 Shares were allotted and issued at a price of US\$0.063 per Share by our Company to Ocin for a consideration of US\$39,879 which was fully paid and settled in cash.

- (d) On October 2, 2017, an aggregate of 331,367,000 Shares were allotted and issued at par value by our Company to Ocin for a consideration of US\$33,136.7 which was fully paid and settled in cash.
- (e) On October 17, 2017, our Company allotted and issued 16,000,000 new Shares at a price of US\$0.175 per Share, and the consideration was fully paid and settled in cash.
- (f) On March 30, 2018, our Company entered into three Pre-IPO Subscription Agreements with each of Universal Valiant Limited, Redmoon Advisors Inc. and Alessandro Conelli, pursuant to which a total of 6,857,000 Shares were allotted and issued to these three Pre-IPO Investors for a total cash consideration of US\$6,000,000 which was fully paid and settled in cash.
- (g) On July 25, 2018, our Company entered into a Pre-IPO Subscription Agreement with Ahmed International Corporation (FZE), pursuant to which 1,142,800 Shares were allotted and issued to Ahmed International Corporation (FZE) for a consideration of US\$1,000,000 which was fully paid and settled in cash.
- (h) On July 27, 2018, our Company entered into four Pre-IPO Subscription Agreements with each of Capricorn Union Limited, Jack Lu, Trittech Development Limited, and Center Laboratories Inc., pursuant to which a total of 7,613,960 Shares were allotted and issued to these four Pre-IPO Investors for a total cash consideration of US\$6,662,548 which was fully paid and settled in cash.
- (i) On July 27, 2018, our Company entered into a share subscription agreement with Ocin, pursuant to which 4,956,895 Shares were allotted and issued to Ocin for a cash consideration of US\$4,337,500 which was fully paid and settled in cash.

Save as disclosed above, there has been no alteration in our share capital since our incorporation.

3. Resolutions of the Shareholders passed on March 14, 2019

On March 14, 2019, resolutions of our Company were passed by the then Shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Articles of Association with effect from and conditional upon the Listing; and

(b) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” and pursuant to the terms set out therein:

- (i) the Global Offering was approved and the Directors were authorized to allot and issue the Shares pursuant to the Global Offering;
- (ii) the Listing was approved and the Directors were authorized to implement the Listing;
- (iii) subject to the “lock-up” provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of the Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the total number of Shares of our Company in issue immediately following the completion of the Global Offering; and

(B) the aggregate number of Shares of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (iv) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the end of the period within which our Company is required by the Articles or any applicable laws to hold its next annual general meeting or (III) the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the “Relevant Period”); and

- (iv) a general unconditional mandate was granted to the Directors to exercise all the powers of our Company to repurchase the Shares on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, with an aggregate number of not more than

10% of total number of Shares of our Company in issue immediately following the completion of the Global Offering, such mandate to remain in effect during the Relevant Period.

4. Group reorganization

The companies comprising our Group underwent a reorganization to rationalize our Group's structure in preparation for the listing of the Shares on the Hong Kong Stock Exchange, details of which are set out in the section headed "History, Reorganization and Development — Our Reorganization" in this prospectus.

5. Changes in share capital of subsidiaries

Our subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountant's Report, we do not have any other subsidiaries.

Except as disclosed in "History, Reorganization and Development" in this prospectus, there have been no changes in the share capital of each of our Company's subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchases by our Company of its own Securities

This section sets out information required by the Hong Kong Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their own securities on the Hong Kong Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' Approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) *Source of Funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company and the Listing Rules and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Hong Kong Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until such time as the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting Requirements*

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) *Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a "core connected person" (as defined in the Listing Rules), that is, a director, chief executive or substantial shareholder of our Company or any of our subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) *Reasons for Repurchases*

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) *Funding of Repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 449,470,655 Shares in issue immediately following the completion of the Global Offering, could accordingly result in up to approximately 44,947,065 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of the next annual general meeting of our Company; or
- (ii) the end of the period within which our Company is required by the Articles or any applicable law to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in Hong Kong.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Hong Kong Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in our ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material:

- (a) the share purchase agreement dated January 16, 2018 entered into between our Company and ICTW, pursuant to which our Company agreed to purchase the entire issued share capital of Victos for a cash consideration of US\$70.0 million from ICTW, details of which are set out in “History, Reorganization and Development — Our Reorganization — Reorganization Steps”;
- (b) the share subscription agreement dated March 30, 2018 entered into between our Company and Universal Valiant Limited, pursuant to which our Company allotted and issued to it 5,714,200 new Shares for an aggregate subscription price equal to US\$5 million, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (c) the share subscription agreement dated March 30, 2018 entered into between our Company and Redmoon Advisors Inc., pursuant to which our Company allotted and issued to it 571,400 new Shares for an aggregate subscription price equal to US\$500,000, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (d) the share subscription agreement dated March 30, 2018 entered into between our Company and Alessandro Conelli, pursuant to which our Company allotted and issued to it 571,400 new Shares for an aggregate subscription price equal to US\$500,000, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (e) the share purchase agreement dated March 29, 2018 entered into between Ocín and Hong Ta En, pursuant to which Ocín agreed to sell 487,000 Shares to Hong Ta En for a consideration of US\$426,125, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (f) the share subscription agreement dated July 25, 2018 entered into between our Company and Ahmed International Corporation (FZE), pursuant to which our Company allotted and issued to it 1,142,800 new Shares for an aggregate subscription price equal to US\$1 million, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;




- (g) the share subscription agreement dated July 27, 2018 entered into between our Company and Capricorn Union Limited, pursuant to which our Company allotted and issued to it 5,714,000 new Shares for an aggregate subscription price equal to US\$5 million, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (h) the share subscription agreement dated July 27, 2018 entered into between our Company and Jack Lu, pursuant to which our Company allotted and issued to it 228,560 new Shares for an aggregate subscription price equal to US\$200,000, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (i) the share subscription agreement dated July 27, 2018 entered into between our Company and Tritech Development Limited, pursuant to which our Company allotted and issued to it 571,400 new Shares for an aggregate subscription price equal to US\$500,000, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (j) the share subscription agreement dated July 27, 2018 entered into between our Company and Center Laboratories Inc., pursuant to which our Company allotted and issued to it 1,100,000 new Shares for an aggregate subscription price equal to US\$962,548, representing around US\$0.875 per Share, further details of which are set out in “History, Reorganization and Development — The Pre-IPO Investments” in this prospectus;
- (k) the share subscription agreement dated July 27, 2018 entered into between our Company and Ocina, pursuant to which our Company allotted and issued to it 4,956,895 new Shares for an aggregate subscription price equal to US\$4,337,500, representing around US\$0.875 per Share, further details of which are set out in “A. Further Information About Our Company — 2. Changes in Share Capital of our Company” in this Appendix V to this prospectus;
- (l) the exclusive licence agreement dated May 16, 2018 entered into between IntelliCentrics HK and Sciencare Technology pursuant to which IntelliCentrics HK agreed to grant Sciencare Technology an exclusive, non-sublicensable, non-transferrable license to use certain intellectual property rights in return for a royalty of 30.0% of the sales revenue of Sciencare Technology;
- (m) the joint venture contract dated May 16, 2018 entered into between Li Zheng and IntelliCentrics HK, pursuant to which the parties agreed to form a joint venture Sciencare Technology with a total investment amount of US\$5 million;

- (n) the capital increase agreement dated May 16, 2018 entered into among Li Zheng, IntelliCentrics HK and Sciencare Technology, pursuant to which Li Zheng and IntelliCentrics HK agreed to subscribe for shares of Sciencare Technology for approximately US\$1.3 million and US\$1 million, respectively, to the effect that Sciencare Technology would be owned by IntelliCentrics HK as to 40.0% and by Li Zheng as to 60.0%;
- (o) the supplemental capital increase agreement dated October 30, 2018 entered into among Li Zheng, IntelliCentrics HK and Sciencare Technology, pursuant to which Li Zheng and IntelliCentrics HK agreed, among others, to provide shareholder's loans (with a term of not less than 10 years) of US\$1.5 million and US\$1 million, respectively, to Sciencare Technology;
- (p) the subscription letter dated November 21, 2018 entered into between the Company and IntelliCentrics HK, pursuant to which the Company subscribed for 199,040 new ordinary shares issued by IntelliCentrics HK, representing 67.0% of the entire share capital of IntelliCentrics HK as enlarged, for a cash consideration of HK\$1,990,400;
- (q) the subscription letter dated November 21, 2018 entered into between IntelliCentrics HK and Sciencare Holding (HK) Limited, pursuant to which Sciencare Holding (HK) Limited subscribed for 102,960 new ordinary shares issued by IntelliCentrics HK, representing 33.0% of the entire share capital of IntelliCentrics HK as enlarged, for a cash consideration of HK\$1,029,600;
- (r) the shareholders' agreement dated November 21, 2018 entered into among the Company, IntelliCentrics HK and Sciencare Holding (HK) Limited, pursuant to which the parties agreed to operate IntelliCentrics HK as a joint venture owned by the Company as to 67.0% and by Sciencare Holding (HK) Limited as to 33.0%;
- (s) the deed of non-competition dated March 14, 2019 granted by the Controlling Shareholders to give certain non-competition undertakings in favor of our Company, details of which are set out in "Relationship with Our Controlling Shareholders — Clear Delineation of Listing Businesses and CCTV Business" in this prospectus; and
- (t) the Hong Kong Underwriting Agreement.



2. Key Intellectual Property Rights of Our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner and beneficial owner of the following trademarks which are material in relation to our Group's business:

No.	Trademark	Registration No.	Validity Period	Class	Place of Registration	Registered Owner
1	INTELLICENTRICS	UK00003289486	February 12, 2018 to February 12, 2028	9, 35, 38, 42	UK	Zengine
2	SEC ³ URE	UK00003289515	February 12, 2018 to February 12, 2028	9, 35, 38, 42	UK	Zengine
3	SEC ³ URE PASSPORT	UK00003289530	February 12, 2018 to February 12, 2028	9, 35, 38, 42	UK	Zengine
4		UK00003289514	February 12, 2018 to February 12, 2028	9, 35, 38, 42	UK	Zengine
5	SEC ³ URE	1410027	February 15, 2018 to February 15, 2028	9, 35, 38, 42	Madrid System (including European Union)	Zengine
6	SEC ³ URE PASSPORT	1410144	February 15, 2018 to February 15, 2028	9, 35, 38, 42	Madrid System (including China and European Union)	Zengine
7		1410174	February 15, 2018 to February 15, 2028	9, 35, 38, 42	Madrid System (including European Union)	Zengine
8	INTELLICENTRICS	1411489	February 19, 2018 to February 19, 2028	9, 35, 38, 42	Madrid System (including China and European Union)	Zengine
9	SEC ³ URE	304435010	February 14, 2018 to February 13, 2028	9, 35, 38, 42	Hong Kong	Zengine
10	SEC ³ URE PASSPORT	304435029	February 14, 2018 to February 13, 2028	9, 35, 38, 42	Hong Kong	Zengine
11		304435740	February 15, 2018 to February 14, 2028	9, 35, 38, 42	Hong Kong	Zengine
12	INTELLICENTRICS	304435001	February 14, 2018 to February 13, 2028	9, 35, 38, 42	Hong Kong	Zengine

As of the Latest Practicable Date, we have applied for registration of the following trademarks:

No.	Trademark	Applicant	Application No.	Application Date	Class	Place of Application
1	SEC ³ URE	Zengine	1410027	February 15, 2018	9, 35, 38, 42	Madrid System (including United States, China, Australia, Japan, Norway and Switzerland)
2	SEC ³ URE PASSPORT	Zengine	1410144	February 15, 2018	9, 35, 38, 42	Madrid System (including United States, Australia, Japan, Norway and Switzerland)
3		Zengine	1410174	February 15, 2018	9, 35, 38, 42	Madrid System (including United States, China, Australia, Japan, Norway and Switzerland)
4	INTELLICENTRICS	Zengine	1411489	February 19, 2018	9, 35, 38, 42	Madrid System (including United States, Australia, Japan, Norway and Switzerland)
5	SEC ³ URE	Zengine	1914438	August 10, 2018	9, 35, 38, 42	Canada
6	SEC ³ URE PASSPORT	Zengine	1914439	August 10, 2018	9, 35, 38, 42	Canada
7		Zengine	1914440	August 10, 2018	9, 35, 38, 42	Canada
8	INTELLICENTRICS	Zengine	1914441	August 10, 2018	9, 35, 38, 42	Canada

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which are material in relation to our Group's business:

No.	Domain name	Registrant	Date of Registration	Expiry Date
1	intellicentrics.com	godaddy (US)	5/3/2010	5/3/2021
2	sec3ure.ca	godaddy (CA)	7/19/2016	7/19/2019
3	INTELLICENTRICS.CO.UK	godaddy (UK)	7/17/2012	7/17/2020
4	intellicentrics.de	godaddy (UK)	11/11/2015	11/11/2019
5	intellicentrics.es	godaddy (UK)	11/11/2015	11/11/2019
6	intellicentrics.nl	godaddy (UK)	11/11/2015	11/11/2019
7	intellicentrics.uk	godaddy (UK)	12/11/2015	12/11/2019
8	REPTRAX.CO.UK	godaddy (UK)	7/30/2009	7/30/2019
9	reptrax.uk	godaddy (UK)	12/11/2015	12/11/2019
10	sec3ure.co.uk	godaddy (UK)	11/11/2015	11/11/2019
11	sec3ure.de	godaddy (UK)	11/11/2015	11/11/2019
12	sec3ure.es	godaddy (UK)	11/11/2015	11/11/2019
13	sec3ure.nl	godaddy (UK)	11/11/2015	11/11/2019
14	sec3ure.uk	godaddy (UK)	12/11/2015	12/11/2020
15	INCEPTIONPOINTSYSTEMS.CO.UK	godaddy (US)	7/17/2012	7/17/2020
16	REPTRAX.AG	godaddy (US)	7/30/2009	7/30/2021
17	REPTRAX.BIZ	godaddy (US)	7/30/2009	7/29/2019
18	REPTRAX.BZ	godaddy (US)	7/30/2009	7/30/2021
19	REPTRAX.CA	godaddy (US)	7/30/2009	7/30/2019
20	REPTRAX.CC	godaddy (US)	7/30/2009	7/30/2021
21	REPTRAX.CN	godaddy (US)	7/30/2009	7/30/2019
22	REPTRAX.COM	godaddy (US)	7/25/2006	7/25/2019

No.	Domain name	Registrant	Date of Registration	Expiry Date
23	SEC3URE.COM	godaddy (US)	7/25/2014	7/25/2019
24	sec3urepassport.com	godaddy (US)	7/11/2017	7/11/2019
25	STATUS-BLUE.COM	godaddy (US)	9/18/2005	9/18/2019
26	VENDORCLEAR.COM	godaddy (US)	7/6/2005	7/6/2019
27	XRAYTRAX.COM	godaddy (US)	7/21/2011	7/21/2019
28	intellicentrics-global.com	Net-chinese	3/30/2018	5/4/2022

Save as disclosed above, there are no other trademarks, domain names, copyrights or other intellectual property rights which are or may be material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests Disclosable under the SFO and Substantial Shareholders

(a) *Directors' interests and short positions in the share capital and debentures of our Company and its associated corporations*

Immediately following the completion of the Global Offering, the interests or short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, in each case once the Shares are listed on the Hong Kong Stock Exchange, will be as follows:

(i) *Interests/short positions in the Shares of our Company*

Name of Director or Chief Executive	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company
Mr. Lin ⁽²⁾	Interests in a controlled corporation	289,269,895	64.36%
Mr. Sheehan ⁽³⁾⁽⁴⁾	Beneficiary of a trust	40,000,000	8.90%
Mr. Lin Kuo-Chang	Beneficiary owner	680,000	0.53%

- (1) All interests stated are long positions, assuming the Over-Allotment Option and the Pre-IPO Share Options are not exercised.
- (2) The entire issued share capital of Ocina is directly held by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 289,269,895 Shares held by Ocina.
- (3) Mr. Sheehan Trust is a trust associated with Mr. Sheehan with Mr. Sheehan being a beneficiary and the trustee. Accordingly, Mr. Sheehan is deemed to be interested in the 40,000,000 Shares held by Mr. Sheehan Trust.
- (4) Mr. Sheehan is also interested in 5,000,000 Pre-IPO Share Options granted to him on February 18, 2019 under the Pre-IPO Share Option Scheme entitling him to receive 5,000,000 Shares subject to vesting.

(ii) *Interests/short positions in the share capital or debentures of the associated corporations of our Company*

<u>Name of Director or Chief Executive</u>	<u>Name of associated corporation of our Company</u>	<u>Capacity/nature of interest</u>	<u>Number of shares in the corporation⁽¹⁾</u>	<u>Approximate percentage of interest in the corporation</u>
Mr. Lin	Ocina	Beneficial owner	435,800	100%

- (1) All interests stated are long positions.

(b) Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons will have or be deemed or taken to have an interest and/or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Name</u>	<u>Nature of interests</u>	<u>Shares held immediately prior to the completion of the Global Offering⁽¹⁾</u>		<u>Shares held immediately following the completion of the Global Offering⁽¹⁾</u>	
		<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Ocina	Beneficial owner	289,269,895	78.5%	289,269,895	64.36%
Mr. Lin ⁽²⁾	Interests in a controlled corporation	289,269,895	78.5%	289,269,895	64.36%
Mr. Sheehan Trust	Beneficial owner	40,000,000	10.9%	40,000,000	8.90%
Mr. Sheehan ⁽³⁾⁽⁴⁾	Beneficiary of a trust	40,000,000	10.9%	40,000,000	8.90%

- (1) All interests stated are long positions, assuming the Over-Allotment Option and the Pre-IPO Share Options are not exercised..

- (2) The entire issued share capital of Ocina is directly held by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 289,269,895 Shares held by Ocina. Mr. Lin is the sole director of Ocina.
- (3) Mr. Sheehan Trust is a trust associated with Mr. Sheehan with Mr. Sheehan being a beneficiary and the trustee. Accordingly, Mr. Sheehan is deemed to be interested in the 40,000,000 Shares held by Mr. Sheehan Trust.
- (4) Mr. Sheehan is also interested in 5,000,000 Pre-IPO Share Options granted to him on February 18, 2019 under the Pre-IPO Share Option Scheme entitling him to receive 5,000,000 Shares subject to vesting.

(c) *Interests of the substantial shareholders of any member of our Group (other than our Company)*

So far as the Directors are aware, immediately following the completion of the Global Offering, the following persons (not being Directors or chief executive of our Company) will, directly or indirectly, be interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than our Company):

Name of other member of the Group	Person with 10% or more interest therein (other than our Group)	Approximate percentage of shareholding interest
IntelliCentrics HK	Sciencare Holding (HK) Limited	33%
	Sciencare Technology Holding Limited	33%
	Sciencare Holding Limited	33%
	Li Zheng	33%

2. Particulars of Directors' Service Contracts

(a) *Executive Directors*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the date of the service contract until terminated by not less than three months' notice in writing served by either party on the other.

(b) *Non-executive Directors*

Each of our non-executive Directors has been appointed for an initial term of three years commencing from the date when he is appointed as the Director until terminated by either party giving not less than three months' written notice to the other.

(c) *Independent non-executive Directors*

Each of our independent non-executive Directors has been appointed for an initial term of three years commencing from the date when he is appointed as the Director until terminated by either party giving not less than three months' written notice to the other.

Except as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by our employer within one year without the payment of compensation (other than statutory compensation).

(d) *Directors remuneration*

For details of the Directors' remuneration, see "Directors and Senior Management — Directors' And Senior Management's Remuneration".

3. Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission and the Joint Bookrunners may receive a discretionary incentive fee in connection with the Underwriting Agreements, as detailed in "Underwriting — Underwriting Commissions and Expenses". Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed in the paragraph entitled "Qualification of Experts" in the section entitled "F. Other Information" in this Appendix V had received any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

4. Related Party Transactions

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in note 29 of the Accountant's Report in Appendix I to this prospectus.

D. DISCLAIMERS

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, in each case once our Shares are listed on the Hong Kong Stock Exchange;
- (b) so far as is known to any of our Directors or chief executives, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;
- (c) none of our Directors nor any of the parties listed in “F. Other Information — 6. Qualification of Experts” of this Appendix V is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;
- (d) save as disclosed in this prospectus, none of our Directors nor any of the parties listed in “F. Other Information — 6. Qualification of Experts” of this Appendix V is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (e) none of the parties listed in “F. Other Information — 6. Qualification of Experts” of this Appendix V: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) none of our Directors or their respective associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest revenue payment collection channels.

E. PRE-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme which was adopted by the Board's resolutions dated August 7, 2018 (the "Adoption Date"). The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as our Pre-IPO Share Option Scheme will not involve the grant of options by us to subscribe for Shares once we become a listed issuer.

1. Purpose

The purpose of the Pre-IPO Share Option Scheme is to provide the Qualified Participants (as defined below) with certain incentives for the Qualified Participants to work towards enhancing the value of the Company leading up to and after the Listing, and to maintain or attract business relationships with Qualified Participants whose contributions are or may be beneficial to the growth of Company.

2. Who may join

The Pre-IPO Share Option Scheme shall be administered by the Board. The Board may appoint an administrator to manage the Pre-IPO Share Option Scheme. The basis of eligibility of any Qualified Participant to the grant of the Share Options shall be determined by the Board from time to time on the basis of their contributions to the development and growth of the Company. Qualified Participant means (i) any executive director, or employee (whether full time or part time) of the Company and its subsidiaries; (ii) any non-executive directors (including independent non-executive directors) of the Company and its subsidiaries; (iii) any consultants and advisors who provide bona fide services that are not in connection with the Pre-IPO Share Option Scheme to the Company or its affiliates; and (iv) family members of the persons set forth in (i) through (iii).

3. Maximum number of Shares

The maximum number of Shares in respect of which Share Options (as defined below) may be granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed the number of Shares that shall represent five per cent (5%) of the total number of Shares in issue as of the date upon which the Pre-IPO Share Option Scheme takes effect in accordance with its terms. Share Option means an option to subscribe for Shares to be granted pursuant to the Pre-IPO Share Option Scheme.

4. Terms and conditions of Share Options

(a) *Grant of Share Options*

Subject to the terms of the Pre-IPO Share Option Scheme, from time to time the Board may offer to grant to any qualified participant (the "Qualified Participant") as the Board may in its absolute discretion select, a share option (the "Share Option") which entitles a grantee (the "Grantee") to subscribe for such number of Shares as the Board

may determine at a subscription price (the “Subscription Price”) as determined by the Board or to receive the cash payment (the “Cash Payment”) but otherwise on such terms as the Board determines, provided that no Share Options shall be granted upon or after the date of Listing. A Grantee means a Qualified Participant who accepts the offer of the grant of a Share Option in accordance with the terms of the Pre-IPO Share Option Scheme or (where the context so permits) a person who, in accordance with the applicable laws of succession, is entitled to any Share Option (to the extent not already exercised) as a result of the death of any Qualified Participant. Cash Payment means a cash payment to be made to the Grantee which is equal to the difference between the Subscription Price and the market value per Share on or about the date on which the Share Option is exercised (as the Board may determine), multiplied by the aggregate number of Shares underlying the exercised Share Options.

For the avoidance of doubts, the Board has an absolute discretion to determine whether a Grantee, upon valid exercise of a Share Option, will receive Shares (subject to the receipt by the Company of the required Subscription Price in respect of the Shares) or the Cash Payment in respect of the Share Option, subject to the terms of the Pre-IPO Share Option Scheme.

An offer of the grant of a Share Option shall be made to a Qualified Participant by letter in such form as the Board may from time to time determine, requiring the Qualified Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Pre-IPO Share Option Scheme. The offer shall remain open for acceptance for a period of five (5) business days after the date on which it is made.

(b) *Date of grant*

The date of grant of a Share Option shall be the date on which the Share Option is offered to a Qualified Participant, which shall not fall on a date on or after the date of the Listing.

(c) *Acceptance of Share Options*

A Share Option shall be deemed to have been accepted and to have taken effect when the Grantee signs a notice of acceptance in such form as the Board may from time to time determine on or before the last day for acceptance. Once accepted, the Share Option is granted as from the date on which it was offered to the relevant Qualified Participant.

(d) Vesting of Share Options

Subject to the Pre-IPO Share Option Scheme, the Share Options shall be vested in the following manner:

<u>Tranche</u>	<u>Vesting Date</u>
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2020
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2021
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2022
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2023
twenty percent (20%) of the Shares subject to Share Options so granted	February 1, 2024

(e) Subscription Price

Subscription Price is the price per Share at which a Grantee may subscribe for Shares upon exercise of a Share Option as determined in accordance with the Pre-IPO Share Option Scheme.

(f) Share Option Period

Share Option Period means in respect of a Share Option, a period of time to be notified by the Board to each Grantee, which the Board may in its absolute discretion determine and shall not commence earlier than the Offer Date, save that such period must expire not more than ten years from the date on which the Share Option is offered to a Qualified Participant, which shall not fall on a date on or after the date of the Listing.

(g) Time of Exercise

Subject to the Pre-IPO Share Option Scheme, a vested Share Option may be exercised by the Grantee at any time during the Share Option Period provided that:

- (i) if the Grantee who is an employee (whether full time or part time) of the Company ceases to be so engaged by reason other than death, retirement or the termination of employment for cause under an agreement of employment with the Company or by virtue of any statutory requirement, the Grantee shall be entitled to exercise the Share Option up to his entitlement at the date of cessation (to the extent exercisable but not already exercised) within a period of 1 month from the date of such cessation, which date shall be the last day on

which the Grantee was at work with the Company (whether salary is paid in lieu of notice or not) (or within such longer period as the Board may determine);

- (ii) in the event of death of the Grantee (being an individual) before exercising the Share Option in full, his legal personal representatives may exercise the Share Option up to the Grantee's entitlement (to the extent exercisable as of the date of his death and not exercised) within the period of 12 months following his death or such longer period as the Board may determine;
- (iii) if the Grantee ceases to be so engaged by reason of retirement in accordance with the terms of his contract of employment or by virtue of any statutory requirement, the Grantee shall be entitled within a period of 12 months from the date of retirement (or such longer period as the Board may determine) to exercise the Share Option up to the Grantee's entitlement (to the extent exercisable but not already exercised);
- (iv) in the event that the Grantee being a non-eligible employee in the absolute opinion of the Board ceases to be qualified as a Qualified Participant by reason of termination of its business relation with the Company or otherwise, such Grantee shall be entitled within a period of 1 month from the date of termination (or such other period as the Board may determine) to exercise the Share Option up to its entitlement (to the extent exercisable but not already exercised);
- (v) if Company sells its assets to a third party and the transaction closes during the Share Option Period of an outstanding Share Option, the Grantee (or his legal personal representatives) shall be entitled to exercise the Share Option (to the extent not already exercised) at any time before the expiry of the period of ten (10) business days following the closing date of the transaction involving the sale of assets by the Company; and
- (vi) if an effective resolution is passed for the voluntary winding-up of the Company or an order of court is made for the winding-up of the Company, a Grantee may in respect of outstanding Share Options by notice in writing to the Company within 15 business days after the date of such resolution, elect to be treated as if the Share Option (to the extent not already exercised) had been exercised immediately before the passing of the resolution. The notice must state the number of Shares in respect of which the election is made and be accompanied by a remittance for the full amount of the Subscription Price for the relevant Shares. No Shares will be allotted, and no cash alternative will be paid to any Grantee; however, immediately upon receipt of the notice by the Company, the Grantee will become entitled to receive out of the assets

available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of the election.

(h) Exercise procedure

A Share Option may be exercised in whole or in part by the Grantee or his legal representatives giving notice in writing in such form as the Board may from time to time determine, to the Company stating that the Share Option is exercised and the number of Shares in respect of which it is exercised in accordance with the terms of the Pre-IPO Share Option Scheme.

The Board shall, within ten (10) business days after the receipt of notice specified above, inform the Grantee in writing as to whether the Share Option will be settled by Shares or Cash Payment and the basis of calculation, at the Board's full discretion and as it sees fit.

Following the giving of the Board's decision, (i) if the Share Option is to be settled by Cash Payment, the Company shall, within a reasonable period of time, pay the Cash Payment to the Grantee; (ii) if the Share Option is to be settled by Shares, the Grantee shall, within five (5) business days after receipt of the Board's decision, remit to the Company the full amount of the Subscription Price for the Shares, and the Company shall, within a reasonable period of time upon receipt of the remittance, allot and issue the relevant Shares to the Grantee or his nominee, credited as fully paid and issue a share certificate in respect of the Shares so allotted and issued.

5. Duration

The Pre-IPO Share Option Scheme shall be valid and effective from the Adoption Date until all Share Options granted under the Pre-IPO Share Option Scheme expire or are exercised. No Share Option shall be granted upon or after the date of the Listing and no Share Option shall be vested and exercised on or before the date of the Listing.

6. Non-transferability of Share Options

A Share Option is personal to the Grantee and shall not be transferable or assignable. No Grantee shall sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party. Any such assignment or attempted assignment is invalid against the Company. If the Company determines that a Grantee has breached this non-assignment clause, the Company may revoke the Share Option granted to the Grantee (to the extent not already exercised) by notice. Such revocation notice shall be final and binding on the Grantee.

7. Rights attaching to Shares

The Shares to be allotted upon exercise of a Share Option will be subject to all the provisions of the Articles and any applicable laws, rules, regulations and stock exchange rules. Accordingly, the Shares will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment provided that the record date for the dividend or distribution is a date after the date of allotment.

A Share issued upon the exercise of a Share Option shall not carry any voting rights until the registration of the Grantee or his nominee as the holder of the Share on the register of members of the Company.

8. Lapse of Share Options

A Share Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Share Option Period;
- (b) the date of the commencement of the winding-up of the Company;
- (c) the date on which the Grantee being an Employee ceases to be a Qualified Participant by reason of the termination of his employment on any one or more of the following grounds: that he has been guilty of misconduct; or that he has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally; or that he has been convicted of a criminal offence involving his integrity or honesty; or on any other ground on which an employer would be entitled to terminate his employment forthwith pursuant to applicable laws or under the Grantee's employment contract; and a resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified herein shall be conclusive; the date on which the Grantee commits a breach of the Pre-IPO Share Option Scheme;
- (d) if a Share Option was granted subject to certain conditions, restrictions or limitation, the date on which the Board resolves that the Grantee has failed to satisfy or comply with such conditions, restrictions or limitation;
- (e) in respect of the Grantee being a consultant or adviser, the date on which the Board resolves that the consultant or adviser fails to comply with any provisions of the relevant contracts, or breaches its fiduciary duty under the common law; and
- (f) the occurrence of such event or expiry of such period as may have been specifically provided for in the offer letter, if any.

9. Cancellation of Share Options

Share Options granted but not exercised or lapsed may be cancelled with the consent of the specific Grantee. The Board may at its discretion cancel Share Options previously granted to and yet to be exercised by any particular Grantee, subject to the consent of that Grantee. The Grantees whose Share Options are cancelled may be issued new Share Options in accordance with the provisions of the Pre-IPO Share Option Scheme, provided that there are sufficient available unissued Share Options (excluding such cancelled Share Options) for such re-issuance under the Pre-IPO Share Option Scheme.

10. Amendment and termination

Any amendment to the Pre-IPO Share Option Scheme must be approved by resolution of the Board. No alteration shall be made to the Pre-IPO Share Option Scheme if such alteration shall operate to materially and adversely affect the terms of issue of any Share Option granted or agreed to be granted prior to such alteration unless the consent of such adversely affected Grantees is obtained; provided that the Board shall, in such situation, provide such Grantees compensation as the Board in its discretion considers comparable to such adverse effect and amend the Pre-IPO Share Option Scheme without such Grantees' consent. All Share Options granted after the Adoption Date shall, save and except the exercise price, be bound by the rules of the Pre-IPO Share Option Scheme as amended from time to time.

The Company may at any time terminate the operation of the Pre-IPO Share Option Scheme by resolution of the Board or resolution of the Shareholders in general meeting and in such event no further Share Options will be offered but the provisions of the Pre-IPO Share Option Scheme shall remain in force in all other respects. In particular, all Share Options granted and accepted prior to the termination and yet to be exercised shall continue to be valid and exercisable in accordance with the terms of the Pre-IPO Share Option Scheme.

11. Outstanding Share Options

On February 14, 2019, the Board approved the grant of the Share Options for an aggregate of up to 11,700,000 Shares. On February 18, 2019, Share Options were granted to 46 grantees comprising (i) one Executive Director, (ii) three members of senior management (excluding Directors), and (iii) 42 other employees and consultants of our Group, to subscribe for an aggregate of 11,535,000 Shares, representing approximately 2.57% of our Company's issued share capital immediately following the completion of the Global Offering (assuming the Over-Allotment Option and the Share Options granted under the Pre-IPO Share Option Scheme are not exercised). No consideration was paid by the grantees for receiving the Share Options. The Share Options are subject to certain vesting criteria and conditions (including the vesting period). The exercise price for each of the Share Options is US\$0.875 per Share.

According to the vesting schedule set out in the resolutions of the Board approving the grant of the Share Options, the Share Options will not begin to vest and be exercisable until February 1, 2020 at the earliest, and therefore will remain outstanding and unexercised

immediately after the Listing. Assuming all the Share Options are exercised immediately following the completion of the Global Offering, there would be a slight dilution effect on the shareholdings of our Shareholders and the Shares underlying the Share Options represent approximately 2.29% of our Company's issued share capital immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised). However, as the Share Options are exercisable over a 5-year period from February 1, 2020, any such dilutive effect on earnings per Share may be staggered over several years.

12. Summary of Grantees

A summary of the grantees who have been granted Share Options under the Pre-IPO Share Option Scheme as at the Latest Practicable Date is set out below:

Grantee	Main Position in the Group	Date of Grant	Vesting Period	Exercise Price (US\$ per Share)	Address	Number of Shares to be issued upon full exercise of the Share Options under the Pre-IPO Share Option Scheme	Percentage of enlarged issued share capital of our Company immediately upon completion of the Global Offering (assuming no exercise of the Over-Allotment Option) and full exercise of the Share Options granted under the Pre-IPO Share Option Scheme (Note 1)
<i>Directors of our Company</i>							
Michael James Sheehan	Executive Director and Chief Executive Officer	February 18, 2019	5 years (Note 2)	0.875	4983 Lusk Lane Flower Mound TX, 75028 United States	5,000,000	1.08%
Sub-total:						5,000,000	1.08%
<i>Senior management of our Company</i>							
Chen Yung-Fa	Chief Financial Officer	February 18, 2019	5 years (Note 2)	0.875	5th Floor, No 112 Lane 101, Section 4 Xinhai Road, Taipei Taiwan	1,600,000	0.35%
David Edward Taylor	Chief Operating Officer	February 18, 2019	5 years (Note 2)	0.875	1510 Verano Drive Dallas, TX, 75218 United States	1,300,000	0.28%
Nimisha Savani	Chief Marketing Officer	February 18, 2019	5 years (Note 2)	0.875	5924 Waggoner Drive Dallas, TX, 75230 United States	900,000	0.20%
Sub-total:						3,800,000	0.83%
<i>Employees and consultants of our Group</i>							
Hassan Alkhayyat	Applications Architect	February 18, 2019	5 years (Note 2)	0.875	9723 Cliffside Drive Irving, TX, 75063 United States	70,000	0.02%
John Benka	Agile Project Manager	February 18, 2019	5 years (Note 2)	0.875	2931 Peninsula Way Carrollton, TX, 75007 United States	70,000	0.02%
Alex Calle	Vice President of Product Management	February 18, 2019	5 years (Note 2)	0.875	618 Belhaven Drive Allen, TX, 75013 United States	70,000	0.02%

							Percentage of enlarged issued share capital of our Company immediately upon completion of the Global Offering (assuming no exercise of the Over-Allotment Option) and full exercise of the Share Options granted under the Pre-IPO Share Option Scheme (Note 1)
Grantee	Main Position in the Group	Date of Grant	Vesting Period	Exercise Price (US\$ per Share)	Address	Number of Shares to be issued upon full exercise of the Share Options under the Pre-IPO Share Option Scheme	
Sahithi Chalasani	Product Owner	February 18, 2019	5 years (Note 2)	0.875	104 Caladium Drive Flower Mound, TX, 75028 United States	25,000	0.01%
Kyle Chen	Principal Engineer	February 18, 2019	5 years (Note 2)	0.875	2310 Ranch House Drive Denton, TX, 76210 United States	25,000	0.01%
Xiang Cheng	Senior Software System Engineer	February 18, 2019	5 years (Note 2)	0.875	1216 Bridgeway Lane Allen, TX, 75013 United States	25,000	0.01%
Sajeesh Francis	Senior Developer	February 18, 2019	5 years (Note 2)	0.875	2404 Prescott Downs Drive Denton, TX, 76210 United States	25,000	0.01%
Jason Kerner	Global Application Architect	February 18, 2019	5 years (Note 2)	0.875	10 Rosemary Drive, Newton-le-Willows Merseyside, WA12 0BQ, England United Kingdom	50,000	0.01%
Bethanne Lamb	Program Management Officer	February 18, 2019	5 years (Note 2)	0.875	401 Boyd Dr, Apt 2311 Grapevine, TX, 76051 United States	25,000	0.01%
Ryan Smith	Director of Dev Ops & IT (Server administration and development operations)	February 18, 2019	5 years (Note 2)	0.875	1159 Sunlight Drive Flower Mound, TX, 75028 United States	70,000	0.02%
Jonathan Squires	Director Product Management & Operations	February 18, 2019	5 years (Note 2)	0.875	17 Standall Close, Dronfield Woodhouse Dronfield Derbyshire, S188AB, England United Kingdom	50,000	0.01%
Colin Wilcox	Director of Development	February 18, 2019	5 years (Note 2)	0.875	68 Newcroft Crescent, Urmston Manchester, M41 9NW, England United Kingdom	50,000	0.01%
Michael McDonald	Chief Operations Officer	February 18, 2019	5 years (Note 2)	0.875	6224 Crestmere Drive Dallas, TX, 75254 United States	500,000	0.11%
Peggy Cowart	Director of Customer Experience	February 18, 2019	5 years (Note 2)	0.875	1029 Laurel Oak Drive Flower Mound, TX, 75028 United States	25,000	0.01%
Eleanor Duncan	Installation Team Manager	February 18, 2019	5 years (Note 2)	0.875	2026 Eagle Nest Pass Lewisville, TX, 75077 United States	25,000	0.01%
Mouin Sayegh	Vice President of Operations	February 18, 2019	5 years (Note 2)	0.875	3708 Muirfield Drive Carrollton, TX, 75007 United States	70,000	0.02%

Grantee	Main Position in the Group	Date of Grant	Vesting Period	Exercise Price (US\$ per Share)	Address	Number of Shares to be issued upon full exercise of the Share Options under the Pre- IPO Share Option Scheme	Percentage of enlarged issued share capital of our Company immediately upon completion of the Global Offering (assuming no exercise of the Over-Allotment Option) and full exercise of the Share Options granted under the Pre-IPO Share Option Scheme (Note 1)
Patrick Virant	Vice President of Corporate Development	February 18, 2019	5 years (Note 2)	0.875	2232 6th Avenue Flower Mound, TX, 75028 United States	100,000	0.02%
Ken Judd	Chief Finance Officer (US)	February 18, 2019	5 years (Note 2)	0.875	445 Pennington Drive Lucas, TX, 75002 United States	125,000	0.03%
Kurt Delabar	Vice President of Human Resources	February 18, 2019	5 years (Note 2)	0.875	711 Saratoga Southlake, TX, 76092 United States	35,000	0.01%
David Mellers	Director of Finance	February 18, 2019	5 years (Note 2)	0.875	49 Everard Avenue Bradway, Sheffield, S17 4LY, England United Kingdom	50,000	0.01%
Tawfiq Sadat Siddiqui .	Senior Accountant	February 18, 2019	5 years (Note 2)	0.875	604 Causley Avenue, Apt 116 Arlington, TX, 76010 United States	20,000	—
Ash Warren	Senior Accountant	February 18, 2019	5 years (Note 2)	0.875	656 W. Peninsula Drive Coppell, TX, 75019 United States	20,000	—
Yi Chun Chao	Manager	February 18, 2019	5 years (Note 2)	0.875	8F, No. 9, Ln. 105, Baoan Road Yonghe District, New Taipei City Taiwan	50,000	0.01%
Hong Ren Chen	Manager	February 18, 2019	5 years (Note 2)	0.875	8F, No. 11, Ln. 87, Sec 1, Baoyuan Road Xindian District, New Taipei City Taiwan	50,000	0.01%
Shen Yuan Cheng	Officer	February 18, 2019	5 years (Note 2)	0.875	No. 7, Ln. 144, Juguang Road Wanhua District, Taipei Taiwan	40,000	0.01%
Chun Fong Chiang . . .	Executive Secretary	February 18, 2019	5 years (Note 2)	0.875	10F, No 10-9, Guongming 9th Road Zhubei City, Hsin Chu County Taiwan	40,000	0.01%
Kuo Yuan Hung	Company Secretary	February 18, 2019	5 years (Note 2)	0.875	4th, No. 405, Yuan Tong Road New Taipei City Taiwan	40,000	0.01%
Li Wen Lin	Senior Specialist	February 18, 2019	5 years (Note 2)	0.875	3F, No. 19, Lane 57, Rose Road Xindian District, New Taipei City Taiwan	20,000	—

Grantee	Main Position in the Group	Date of Grant	Vesting Period	Exercise Price (US\$ per Share)	Address	Number of Shares to be issued upon full exercise of the Share Options under the Pre- IPO Share Option Scheme	Percentage of enlarged issued share capital of our Company immediately upon completion of the Global Offering (assuming no exercise of the Over-Allotment Option) and full exercise of the Share Options granted under the Pre-IPO Share Option Scheme (Note 1)
Ping Chuan Tsou	Officer	February 18, 2019	5 years (Note 2)	0.875	No. 33, Aly. 102, Ln 36, Shenxi Road Xinyi District, Keelung City Taiwan	10,000	—
Hui Mei Wang	Assistant Manager	February 18, 2019	5 years (Note 2)	0.875	3F-3, No. 3, Ln. 376, Sec. 1, Wenhua 2nd Road Linkou District, New Taipei City Taiwan	10,000	—
Chien Hui Yang	Officer	February 18, 2019	5 years (Note 2)	0.875	4F, No. 18-12, Aly. 20, Ln. 216, Dongshi Street Xizhi District, New Taipei City Taiwan	10,000	—
Phil Barber	Senior Customer Service Manager	February 18, 2019	5 years (Note 2)	0.875	41 Victoria Road, Whalley Range Manchester, M16 8DQ United Kingdom	15,000	—
Nicola Arcos	Director of Business Development	February 18, 2019	5 years (Note 2)	0.875	5 Strawberry Crescent, Napsbury Park London Colney, St Albans Herts., AL21US United Kingdom	67,500	0.01%
Mark Ferrell	Senior Customer Service Manager	February 18, 2019	5 years (Note 2)	0.875	59 Compton Way, Middleton Manchester, M24 2BU United Kingdom	15,000	—
Jay McDonald	Director of Strategic Accounts	February 18, 2019	5 years (Note 2)	0.875	616 Cinnabar Lane Castle Rock, CO, 80108 United States	15,000	—
Lisa Watts	UK Marketing Director	February 18, 2019	5 years (Note 2)	0.875	5 Cloisters Rd Letchworth Garden City, Hertfordshire, SG6 3JR United Kingdom	67,500	0.01%
Jim Weaver	Director of Sales	February 18, 2019	5 years (Note 2)	0.875	1010 Pleasant View Drive Rockwall, TX, 75087 United States	20,000	—
Michael Alford	Internal Audit Manager	February 18, 2019	5 years (Note 2)	0.875	971 Fortner Rd Lantana, TX, 76226 United States	40,000	0.01%
Janice A. Herwick	Executive Assistant	February 18, 2019	5 years (Note 2)	0.875	140 Whitney Drive Hickory Creek, TX, 75065 United States	10,000	—

Grantee	Main Position in the Group	Date of Grant	Vesting Period	Exercise Price (US\$ per Share)	Address	Number of Shares to be issued upon full exercise of the Share Options under the Pre- IPO Share Option Scheme	Percentage of enlarged issued share capital of our Company immediately upon completion of the Global Offering (assuming no exercise of the Over-Allotment Option) and full exercise of the Share Options granted under the Pre-IPO Share Option Scheme (Note 1)
John Trustman	Consultant	February 18, 2019	5 years (Note 2)	0.875	10584 Tobias Lane Frisco, TX, 75033-0150 United States	350,000	0.08%
Stephen Brobst	Consultant	February 18, 2019	5 years (Note 2)	0.875	9037 Dulcimer Lane Las Vegas, NV, 89123 United States	265,000	0.06%
Simone Pringle	Consultant	February 18, 2019	5 years (Note 2)	0.875	34 Church Street Sudbury, MA, 01776 United States	75,000	0.02%
Sub-total:						<u>2,735,000</u>	<u>0.59%</u>
Total						<u><u>11,535,000</u></u>	<u><u>2.50%</u></u>

Note 1: All the percentage figures are subject to rounding and represent approximate percentage only.

Note 2: The Share Options will vest over a period of 5 years with 20% vesting each year, with the first vesting date being February 1, 2020.

Save and except as set out above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme.

F. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group.

2. Litigation

As of the Latest Practicable Date, save as disclosed in the section headed “Business — Legal Proceedings and Compliance — Legal Proceedings” in this prospectus, no member of our Group was involved in any litigation, arbitration or claim of material importance and, so far as our Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against us.

3. Sole Sponsor

The Sole Sponsor will be paid by our Company a total fee of US\$0.8 million to act as sponsor to our Company in connection with the Listing.

The Sole Sponsor has declared their independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-Allotment Option).

4. Preliminary Expenses

Save as disclosed in “Financial Information — Listing Expenses”, we have not incurred any material preliminary expenses.

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Qualification of Experts

The qualifications of the experts who have given opinions or advice which are contained in this prospectus are as follows:

<u>Name</u>	<u>Qualification</u>
CLSA Capital Markets Limited	Licenses of type 4 (advising on securities) and type 6 (advising on corporate finance)
PricewaterhouseCoopers	Certified public accountants
Clark Hill Strasburger	Legal adviser to our Company as to U.S. laws
McCarthy Tétrault LLP	Legal adviser to our Company as to Canadian laws
McCarthy Tétrault	Legal adviser to our Company as to England and Wales laws
Bristows LLP	Legal adviser to our Company as to England and Wales laws

Name	Qualification
Harney Westwood & Riegels . .	Legal adviser to our Company as to Cayman Islands laws
Fangda Partners	Legal adviser to our Company as to PRC laws
China Insights Consultancy Limited	Industry consultant

7. Consents of Experts

Each of the experts as referred to in the paragraph headed “6. Qualification of Experts” in this Appendix V has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of its reports, letters, and/or opinions (as the case may be) and the references to its names included in the form and context in which it respectively appears.

8. Promoters

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed above, within the two years preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to any promoters in connection with the Global Offering or the related transactions described in this prospectus.

9. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

- (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.
- (b) Our Group had not issued any debentures nor did it have any outstanding debentures or any convertible debt securities.
- (c) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of the Group since October 31, 2018 (being the date to which the latest audited combined financial statements of the Group were prepared); and
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.
- (d) Subject to the provisions of the Companies Law, the register of members of our Company will be maintained in the Cayman Islands by Harneys Fiduciary (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by our Hong Kong Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (g) The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the **WHITE**, **YELLOW** and **GREEN** application forms, the written consents referred to in “F. Other Information — 7. Consents of experts” in Appendix V to this prospectus, and certified copies of the material contracts referred to in “B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix V to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sullivan & Cromwell (Hong Kong) LLP at 28th Floor Nine Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (i) our Articles of Association;
- (ii) the Accountant’s Report prepared by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (iii) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (iv) the audited consolidated financial statements of our Group for the years ended December 31, 2015, 2016 and 2017 and for the ten months ended October 31, 2018;
- (v) the letters of advice issued by Harney Westwood & Riegels, our Cayman Islands legal advisers, summarizing certain aspects of the Cayman Companies Law referred to in “Summary of the Articles of Association and the Cayman Companies Law” in Appendix IV to this prospectus;
- (vi) the Companies Law of the Cayman Islands;
- (vii) copies of material contracts referred to in “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix V to this prospectus;
- (viii) the written consents referred to in “Statutory and General Information — F. Other Information — 7. Consent of Experts” in Appendix V to this prospectus;
- (ix) a copy of the Pre-IPO Share Option Scheme;
- (x) copies of the service contracts entered into between our Company and each of the Directors; and
- (xi) the CIC Report.

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