

MICT, Inc.  
Form PREM14A  
February 05, 2019

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

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**MICT, INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Title of each class of securities to which transaction applies:

(1)

Ordinary Shares, Ordinary Shares Issuable Upon Conversion of outstanding Convertible Notes, Ordinary Shares Issuable Upon the Exercise of Warrants, Ordinary Shares Issuable Upon the Exercise of certain Options.

Aggregate number of securities to which transaction applies:

(2)

165,397,293

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\$1.65 per Ordinary Share with respect to 156,359,260 Ordinary Shares; \$1.65 per Ordinary Share with respect to the 5,293,533 Ordinary Shares underlying the Convertible Notes; \$2.00 per Ordinary Share with respect to the 1,187,500 Ordinary Shares underlying the Warrants; \$4.30 per Ordinary Shares with respect to 436,000 Ordinary Shares underlying the outstanding employee stock options of MICT exercisable at \$4.30 per option; \$1.32 per Ordinary Share with respect to the 891,000 Ordinary Shares underlying the outstanding employee stock options of MICT exercisable at \$1.32 per option; and \$1.65 per Ordinary Share with respect to the 1,200,000 Ordinary Shares underlying the options to be issued to the directors and officers of MICT prior to the closing of the Acquisition Agreement.

Proposed maximum aggregate value of transaction:

(4)

\$274,182,528.45

Total fee paid:

(5)

\$33,230.92

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Amount previously paid:

(1)

\$33,230.92

Form, Schedule or Registration Statement No.:

(2)

Form F-4 Registration Statement File No. 333-229518

Filing Party:

(3)

Global Fintech Holdings Ltd.

Date Filed:

(4)

February 5, 2019



**The information in this proxy statement/prospectus is not complete and may be changed. The Registrant may not issue the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission, of which this proxy statement/prospectus is a part, is declared effective. This proxy statement/prospectus does not constitute an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale of these securities is not permitted.**

PRELIMINARY — SUBJECT TO COMPLETION, DATED FEBRUARY 5, 2019

**MICT, Inc.**

**28 West Grand Avenue, Suite 3**

**Montvale, NJ 07645**

Prospectus for up to 156,389,260 ordinary shares, 5,293,533 ordinary shares underlying convertible notes, 1,187,500 ordinary shares underlying warrants and 2,527,000 ordinary shares underlying options.

To the Stockholders of MICT, Inc.:

On behalf of the board of directors of MICT, Inc. (“**MICT**”), we are pleased to enclose the proxy statement/prospectus relating to, amongst other proposals, the proposed business combinations (the “**Business Combination**”) consisting of (i) a merger between MICT and GFH Merger Subsidiary, Inc. (“**Merger Sub**”), a Delaware corporation and a wholly-owned subsidiary of Global Fintech Holdings Ltd. (“**GFH**” or the “**Registrant**”), a company formed under the laws of the British Virgin Islands; and (ii) the acquisition of each of Brookfield Interactive (Hong Kong) Limited, a Hong Kong company (“**BI China**”), a subsidiary of BNN Technology PLC (“**BNN**”), and ParagonEX, Ltd., a British Virgin Islands company (“**ParagonEx**”), by GFH, pursuant to an acquisition agreement dated as of December 18, 2018 (as may be further amended or supplemented from time to time, the “**Acquisition Agreement**”) by and among GFH, MICT, BNN, BI China, ParagonEx and certain other parties.

Stockholders of MICT are cordially invited to attend the special meeting of the stockholders of MICT (the “**Special Meeting**”) to be held at \_\_\_ a.m. Eastern Time on \_\_\_\_\_, 2019 at the offices of Ellenoff Grossman & Schole LLP, at 1345 Avenue of the Americas, 11<sup>th</sup> Floor, New York, New York 10105. Only stockholders who held common stock of MICT at the close of business on \_\_\_\_\_, 2019 will be entitled to vote at the Special Meeting and at any adjournments and postponements thereof.

MICT's common stock, par value \$0.001 per share (the "**MICT Common Stock**"), are traded on The Nasdaq Capital Market ("**Nasdaq**") under the symbol "MICT." GFH has applied for the listing of GFH's ordinary shares, par value \$0.001 per share, on Nasdaq following the consummation of the Business Combination, under the symbol "GFH."

At the Special Meeting, MICT's Stockholders will be asked to vote on the following proposals, as defined and more fully described in the accompanying proxy statement/prospectus: (i) the Business Combination Proposal, (ii) the Golden Parachute Proposal and (iii) the Adjournment Proposal (collectively, the "**Proposals**").

**MICT's board of directors has unanimously determined that the Proposals are advisable, fair to and in the best interests of MICT and its stockholders and unanimously recommends that MICT's Stockholders vote "FOR" each of the Proposals.**

**Your vote is important.** As a condition to the completion of the Business Combination, the affirmative vote of the holders of a majority of the voting power of the shares of MICT Common Stock entitled to vote on the Business Combination Proposal is required. Abstentions and broker non-votes will have the same effect as voting against the Business Combination Proposal. The affirmative vote of a majority of the voting power of the votes cast at the Special Meeting is required for the Golden Parachute Proposal and the Adjournment Proposal. Abstentions and broker non-votes will have no effect on the outcome of the Golden Parachute Proposal and the Adjournment Proposal.

The obligation of MICT to complete the Business Combination is subject to a number of conditions set forth in the Acquisition Agreement and are summarized in the accompanying proxy statement/prospectus. More information about MICT, the Special Meeting and the transactions contemplated by the Acquisition Agreement, is contained in the accompanying proxy statement/prospectus. **You are encouraged to read the accompanying proxy statement/prospectus in its entirety, including the section entitled “Risk Factors” beginning on page 54.**

Very truly yours,

David Lucatz  
President and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement/prospectus is dated \_\_\_\_\_, 2019 and is first being mailed to the stockholders of MICT on or about \_\_\_\_\_, 2019.

(ii)

## ADDITIONAL INFORMATION

**The accompanying document is the proxy statement of MICT for its Special Meeting of its stockholders, and the prospectus of GFH for the securities to be issued in the Business Combination. The accompanying proxy statement/prospectus incorporates by reference important business and financial information about MICT that is not included in or delivered with this proxy statement/prospectus. This information is available without charge to stockholders of MICT upon request. You can obtain the documents incorporated by reference into the accompanying proxy statement/prospectus through the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov) (if publicly filed) or by requesting them in writing or by telephone at the address or telephone number below:**

David Lucatz

President and Chief Executive Officer

MICT, INC.

28 West Grand Avenue, Suite 3, Montvale

New Jersey, 07645

(201) 225 0190

In addition, if you have questions about the Business Combination or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact Morrow Sodali LLP, the proxy solicitor for MICT, toll-free at (800) 662-5200. You will not be charged for any of these documents that you request.

See the section entitled “*Where You Can Find More Information*” beginning on page 300 of the accompanying proxy statement/prospectus for further information.

**Information contained on the MICT, BNN and ParagonEx websites are expressly not incorporated by reference into this proxy statement/prospectus.**

**To obtain timely delivery of the documents, you must request them no later than five business days before the date of the applicable Special Meeting, or no later than \_\_\_\_\_, 2019.**



(iii)

## NOTE ON PRESENTATION OF FINANCIAL STATEMENTS AND DISCLOSURE

### IN THIS PROXY STATEMENT/PROSPECTUS

MICT's audited financial statements as of and for the years ended December 31, 2017 and 2016 and unaudited financial statements as of and for the nine months period ended September 30, 2018 and 2017, and the data derived therefrom, included in this proxy statement/prospectus were prepared, as stated therein, in accordance with U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**").

ParagonEx's audited financial statements as of and for the years ended December 31, 2017 and 2016 included in this proxy statement/prospectus were prepared, as stated therein, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and are presented in U.S. dollars. ParagonEx's unaudited financial statements as of and for the six months period ended June 30, 2018 were prepared, as stated therein, in accordance with IAS 34 – Interim Financial Reporting and are presented in U.S. dollars.

BNN's consolidated financial statements as of December 31, 2017 and 2016 and for each of the two years in the period ended December 31, 2017 included in this proxy statement/prospectus are prepared in accordance with IFRS as issued by the IASB and are presented in pounds sterling. BNN's unaudited interim condensed consolidated financial statements as of June 30, 2018 and for each of the six-month periods ended June 30, 2018 and 2017, included in this proxy statement/prospectus are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the IASB and are presented in pounds sterling.

GFH's audited consolidated balance sheet as of December 31, 2018 and its audited consolidated statements of operations and changes in stockholders' deficit for the period from October 2, 2018 (inception) through December 31, 2018, included in this proxy statement/prospectus were prepared, as stated therein, in accordance with IFRS as issued by the IASB.

As a result, MICT's U.S. GAAP historical financial statements are not directly comparable to ParagonEx's and BNN's IFRS historical financial statements. Furthermore, the BNN financial statements are not directly comparable to any of the other financial statements included herein as they are stated in pounds sterling.

This proxy statement/prospectus also includes unaudited pro forma condensed combined financial information as of June 30, 2018 and for the six months ended June 30, 2018 and the year ended December 31, 2017 of ParagonEx to

give effect to events that are directly attributable to the Transactions (as defined herein) and have a continuing impact on the operations of GFH (with respect to the unaudited pro forma condensed combined Statement of Operations for the periods presented) and are based on available data and certain assumptions that management believes are factually supportable. See “*Unaudited Pro Forma Condensed Combined Financial Information*” included elsewhere in this proxy statement/prospectus.

## **Rounding**

Rounding adjustments have been made in calculating some of the financial information included in this proxy statement/prospectus. As a result, figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” or the “*Operating and Financial Review and Prospects*” are calculated using the numerical data in the consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this proxy statement/prospectus, as applicable, and not using the numerical data in the narrative description thereof.

(iv)

**MICT, Inc.**

**28 West Grand Avenue, Suite 3**

**Montvale, NJ 07645**

NOTICE OF SPECIAL MEETING  
OF STOCKHOLDERS  
TO BE HELD ON \_\_\_\_\_, 2019

**TO THE STOCKHOLDERS OF MICT, INC.:**

NOTICE IS HEREBY GIVEN that a special meeting of stockholders (the “**Special Meeting**”) of MICT, Inc. (“**MICT**”), a Delaware corporation, will be held at \_\_\_\_ a.m. Eastern Time, on \_\_\_\_\_, 2019 at the offices of Ellenoff Grossman & Schole LLP, at 1345 Avenue of the Americas, 11<sup>th</sup> Floor, New York, New York 10105. You are cordially invited to attend the Special Meeting, which will be held for the following purposes:

(1) *The Business Combination Proposal* — To consider and vote upon a proposal to approve the acquisition agreement dated as of December 18, 2018 (as amended or supplemented from time to time, the “**Acquisition Agreement**”) by and among MICT, Brookfield Interactive (Hong Kong) Limited, a Hong Kong company (“**BI China**”), a majority-owned subsidiary of BNN Technology PLC (“**BNN**”), BNN, ParagonEX, Ltd., a British Virgin Islands company (“**ParagonEx**”) and certain other parties thereto, and the transactions contemplated by the Acquisition Agreement, including the acquisition of all the outstanding securities of BI China and ParagonEx (collectively, the “**Business Combination**”), by Global Fintech Holdings Ltd. (“**GFH**,” or the “**Registrant**”) and the merger of MICT into a subsidiary of GFH with MICT continuing as the surviving entity and which will result in each of the then outstanding shares of MICT Common Stock to be exchanged for 0.93 Ordinary Shares of GFH. Pursuant to the Acquisition Agreement, MICT, BI China and ParagonEx will become wholly-owned subsidiaries of GFH as described in more detail in the attached proxy statement/prospectus. We refer to this proposal as the “**Business Combination Proposal**.” A copy of the Acquisition Agreement and certain other agreements entered into pursuant to the Acquisition Agreement are attached to the accompanying proxy statement/prospectus as *Annex B*.

(2) *The Golden Parachute Proposal* — To consider and vote, on an advisory basis, upon a proposal to approve a “golden parachute” payment to David Lucatz, the Chief Executive Officer of MICT in connection with the Business Combination. We refer to this proposal as the “**Golden Parachute Proposal**.”

(3) *The Adjournment Proposal* — To consider and vote upon a proposal to adjourn the Special Meeting to a later date or dates, if necessary to permit further solicitation and vote of proxies if it is determined by MICT that more time is necessary or appropriate to approve one or more proposals presented at the Special Meeting. We refer to this proposal as the “**Adjournment Proposal**” and, together with the Business Combination Proposal and the Golden Parachute Proposal, as the “**Proposals**.”

The Proposals are described in the accompanying proxy statement/prospectus, which we encourage you to read in its entirety before voting. Only holders of record of common stock of MICT at the close of business on \_\_\_\_\_, 2019 are entitled to notice of the Special Meeting and to vote and have their votes counted at the Special Meeting and any adjournments or postponements of the Special Meeting.

(v)

**After careful consideration, MICT's board of directors has determined that the Proposals are fair to and in the best interests of MICT and its stockholders and unanimously recommends that you vote or give instruction to vote "FOR" the Business Combination Proposal, "FOR" the Golden Parachute Proposal and "FOR" the Adjournment Proposal, if presented.**

**The existence of any financial and personal interests of one or more of MICT's directors may be argued to result in a conflict of interest on the part of such director(s) between what he, she or they may believe is in the best interests of MICT and its stockholders and what he, she or they may believe is best for himself, herself or themselves in determining to recommend that stockholders vote for the proposals. See the section entitled "*Proposal 1: The Business Combination Proposal — Interests of MICT's Directors and Officers in the Business Combination*" in the accompanying proxy statement/prospectus for a further discussion of this.**

As a condition to the completion of the Business Combination, the affirmative vote of the holders of a majority of the shares of common stock of MICT, par value \$0.001 per share (the "**MICT Common Stock**"), entitled to vote on the Business Combination Proposal is required. The affirmative vote of a majority of the votes cast at the Special Meeting is required for the Golden Parachute Proposal and the Adjournment Proposal.

All stockholders of MICT are cordially invited to attend the Special Meeting in person. To ensure your representation at the Special Meeting, however, you are urged to mark, sign and date the enclosed proxy card and return it as soon as possible in the pre-addressed postage paid envelope provided. If you are a stockholder of record of MICT Common Stock, you may also cast your vote in person at the Special Meeting. If your shares are held in an account at a brokerage firm or bank, or by a nominee, you must instruct your broker, bank or nominee on how to vote your shares or, if you wish to attend the Special Meeting and vote in person, obtain a proxy from your broker, bank or nominee. Abstentions and broker non-votes will have no effect on the outcome of the Golden Parachute Proposal and the Adjournment Proposal.

**Whether or not you plan to attend the Special Meeting, we urge you to read the accompanying proxy statement/prospectus (and any documents incorporated into the accompanying proxy statement/prospectus by reference) carefully. Please pay particular attention to the section entitled "*Risk Factors*" in the accompanying proxy statement/prospectus.**

**Your vote is important regardless of the number of shares you own.** Whether you plan to attend the Special Meeting or not, please mark, sign and date the enclosed proxy card and return it as soon as possible in the envelope provided. If your shares are held in "street name" or are in a margin or similar account, you should contact your broker to ensure that votes related to the shares you beneficially own are properly counted.

Thank you for your participation. We look forward to your continued support.

By Order of the Board of Directors of MICT, Inc.

*David Lucatz, Chairman, President and Chief Executive Officer of MICT, Inc.*

\_\_\_\_\_, 2019

(vi)

**IF YOU RETURN YOUR PROXY CARD WITHOUT AN INDICATION OF HOW YOU WISH TO VOTE, YOUR SHARES WILL BE VOTED IN FAVOR OF EACH OF THE PROPOSALS.**

This proxy statement/prospectus is dated \_\_\_\_\_, 2019 and is first being mailed to the stockholders of MICT on or about \_\_\_\_\_, 2019

(vii)



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ANNEX H Form of Proxy for MICT, Inc. Special Meeting of Stockholders



## SUMMARY OF THE MATERIAL TERMS OF THE PROPOSALS

### The Business Combination Proposal

On December 18, 2018 the following parties entered into an acquisition agreement (the “**Acquisition Agreement**”): (i) MICT, Inc., a Delaware corporation (“**MICT**”), (ii) Global Fintech Holdings Ltd., a British Virgin Islands corporation (“**GFH**” or the “**Registrant**”), (iii) GFH Merger Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of GFH (“**Merger Sub**”) (iv) BNN Technology PLC, a United Kingdom private limited company (“**BNN**”), (v) Brookfield Interactive (Hong Kong) Limited, a Hong Kong company, and a majority-owned subsidiary of BNN (“**BI China**”), (vi) the shareholders of BI China who are signatories to the Acquisition Agreement (together with BNN, the “**BI China Sellers**”), (vii) ParagonEx LTD, a British Virgin Islands company (“**ParagonEx**”), (viii) certain holders of ParagonEx’s outstanding ordinary shares, par value \$0.01 per share (the “**ParagonEx Ordinary Shares**” and each a “**ParagonEx Ordinary Share**”) named on Annex I of the Acquisition Agreement (collectively, the “**ParagonEx Executing Shareholders**”, and together with shareholders of ParagonEx that have not executed and delivered a counterpart signature page to the Acquisition Agreement the “**ParagonEx Non-Executing Shareholders**”) and the holders of certain ParagonEx options, the “**ParagonEx Sellers**”) and the 102 Trustee as registered holder on behalf of all ParagonEx Executing Shareholders who are beneficial owners of 102 Shares (collectively representing not less than 75% of the ParagonEx equity securities outstanding on a fully diluted basis), and (ix) Mark Gershinson, in the capacity as the representative for the ParagonEx Sellers in accordance with the terms and conditions of the Acquisition Agreement (the “**ParagonEx Seller Representative**”). MICT, GFH, Merger Sub, BNN, BI China, the BI China Sellers, ParagonEx, the ParagonEx Sellers and the ParagonEx Seller Representative are sometimes referred to herein individually as a “Party to the Acquisition Agreement” and, collectively, as the “Parties to the Acquisition Agreement.” GFH was formed on October 2, 2018 for purposes of effectuating the Acquisition Agreement and the business combination therein and related capital raising activities. Pursuant to the terms and subject to the conditions set forth in the Acquisition Agreement, at the closing of the transactions contemplated by the Acquisition Agreement (the “**Closing**”), GFH will acquire MICT (through Merger Sub), BI China and ParagonEx (the “**Business Combination**”) as described in more detail in the section entitled “*The Acquisition Agreement and Related Agreements.*”

The Acquisition Agreement contemplates various transactions to be completed amongst the parties, including: (1) a tender offer by BNN to purchase certain additional outstanding shares of common stock of MICT, par value \$0.001 per share (the “**MICT Common Stock**”), as more fully described below (the “**Offer**”); (2) a merger between MICT and Merger Sub, with MICT continuing as the surviving entity (the “**Merger**”); (3) an acquisition by GFH of all the issued and outstanding Securities of BI China from BNN and the other BI China Sellers (the “**BNN Acquisition**”) in exchange for newly issued ordinary shares of GFH, par value \$0.001 per share (the “**GFH Ordinary Shares**” and each a “**GFH Ordinary Share**”); (4) an acquisition by GFH of all the issued and outstanding ParagonEx Ordinary Shares from the ParagonEx Sellers in exchange for a combination of cash, notes and newly issued GFH Ordinary Shares (the “**ParagonEx Acquisition**”); and (5) a spin-off of MICT’s current business assets, including MICT’s interest in Micronet Ltd., a partially owned subsidiary, to MICT’s Stockholders who retain shares of MICT after the Offer (the “**Spin-Off**,” and together with the Offer, the Merger, the BNN Acquisition, the ParagonEx Acquisition and the other transactions contemplated by the Acquisition Agreement, (the “**Transactions**”). GFH will pay for the acquisitions of MICT, BI China and ParagonEx with proceeds received from a private placement offering conducted by GFH in the aggregate

amount of approximately \$23,500,000. The closing of such private placement is conditioned upon the satisfaction of numerous closing conditions, including the approval of the Acquisition Agreement and the Transactions.

For more information on the material terms of the Business Combination please refer to the section herein entitled “*The Acquisition Agreement and Related Agreements*.” Please also see the section entitled “*Proposal 1: The Business Combination Proposal*.”

### The Golden Parachute Proposal

The purpose of the Golden Parachute Proposal is to approve, on an advisory basis, the golden parachute compensation that may be paid or become payable to David Lucatz, Chief Executive Officer of MICT, as disclosed in this proxy statement/prospectus. Please see the section entitled “Proposal 2: *The Golden Parachute Proposal*.”

### The Adjournment Proposal

The Adjournment Proposal, if adopted, will allow the board of directors of MICT (the “MICT Board”) to adjourn the Special Meeting of stockholders to a later date or dates to permit further solicitation of proxies. The Adjournment Proposal will only be presented to MICT’s Stockholders in the event that, based on the tabulated votes, there are not sufficient votes at the time of the Special Meeting to approve one or more of the proposals presented at such meeting.

### Material Terms of the private placement offering by GFH to Qualified Investors

In December 2018, GFH conducted a private placement (the “GFH Private Placement”), in connection with which GFH entered into subscription agreements with certain investors (the “Private Placement Investors”) and pursuant to which such Private Placement Investors agreed to purchase an aggregate of approximately \$23,500,000 in ordinary shares of GFH, the proceeds of which shall to be released to GFH immediately prior to the Closing, conditioned upon receipt of approval of the stockholders of MICT of the Transactions and satisfaction or waiver of the conditions to Closing set forth in Article XII of the Acquisition Agreement. See the section titled “*Proposal 1: The Business Combination Proposal*.”

### Date, Time and Place of Special Meeting of MICT’s Stockholders

The Special Meeting will be held at \_\_\_\_\_ a.m. Eastern time, on \_\_\_\_\_, 2019, at the offices of Ellenoff Grossman & Schole LLP, at 1345 Avenue of the Americas, 11<sup>th</sup> Floor, New York, New York 10105, or at such other date, time and place to which such meeting may be adjourned or postponed, to consider and vote upon the proposals.

### Record Date; Outstanding Shares; Stockholders Entitled to Vote

MICT has fixed the close of business on \_\_\_\_\_, 2019, as the Record Date for determining MICT stockholders entitled to notice of and to attend and vote at the Special Meeting. As of the close of business on \_\_\_\_\_, 2019, there were \_\_\_\_\_ MICT Shares outstanding and entitled to vote. Each MICT Share is entitled to one vote per share at the Special Meeting.

BNN and BI China have received a voting and support agreement from David Lucatz, Chief Executive Officer of MICT, representing 1,234,000 shares of the issued and outstanding capital stock of MICT, to vote in favor of the Business Combination. BNN intends to vote its shares of MICT in favor of the Business Combination.

#### Proxy Solicitation

Proxies with respect to the Special Meeting may be solicited by telephone, by facsimile, by mail, on the Internet or in person. We have engaged Morrow Sodali LLP to assist in the solicitation of proxies. If a stockholder grants a proxy, it may still vote its shares in person if it revokes its proxy before the Special Meeting. A stockholder may also change its vote by submitting a later-dated proxy, as described in the section entitled “*Special Meeting of the Stockholders of MICT — Revoking Your Proxy and Changing Your Vote.*”



## Interests of MICT's Directors and Officers in the Business Combination

Subject to, and upon Closing of, the Acquisition Agreement and the related Business Combination, MICT is permitted to issue to its directors/officers the following awards (i) to each of the members of the MICT Board, including its Chief Executive Officer, 300,000 options to purchase ordinary shares of GFH (1,200,000 options in the aggregate) with an exercise price of \$1.65 per share (the “**GFH Purchase Price Per Share**”), which shall be granted as success bonuses under MICT's existing Stock Incentive Plans or under the GFH Equity Plan (including the GFH Israeli Sub-Plan) and which shall be converted into MICT Replacement Options and which, for the avoidance of doubt, and notwithstanding the termination of the employment or directorship of the optionholder, shall expire on the 15-month anniversary of the Closing Date); and (ii) up to an additional 300,000 restricted shares of MICT Common Stock, to be issued to officers and service providers of MICT and to Mr. Jeffrey P. Bialos, a director of MICT, who shall be entitled to 80,000 restricted shares as consideration for certain special efforts and services performed by Mr. Bialos in connection with negotiations for the Business Combination and the transactions contemplated thereby. In addition, DL Capital Ltd. (“**DL Capital**”), an entity under the control of David Lucatz, is entitled to receive (i) an annual bonus of 3% of the amount by which the annual earnings before interest, tax, depreciation and amortization, or EBITDA, for such year exceeds the average annual EBITDA for 2011 and 2010, or \$0, and (ii) a one-time bonus of 0.5% of the purchase price of any acquisition completed by MICT during the term of the agreement, or approximately \$92,079, as a result of the Business Combination. Furthermore, following the Business Combination, the rights and obligations under the DPW Consulting Agreement will be assigned to Mr. Lucatz. Pursuant to the DPW Consulting Agreement (as defined herein), Coolisys Technologies Inc. will, for each of the next two years, pay Mr. Lucatz a consulting fee of \$150,000 as well as issue Mr. Lucatz 150,000 restricted shares of DPW Class A common stock, which restricted shares are valued at \$15,000 based on the closing stock price of DWP Class A common stock on February 1, 2019.

Under the Acquisition Agreement, it is stipulated that two (2) individuals who currently serve as directors of MICT as of the date of the Acquisition Agreement (the “**Continuing Directors**”) shall be selected by ParagonEx (subject to the agreement of such individuals to serve, and provided further that the selection shall be made prior to the mailing or distribution of this proxy statement to the stockholders of MICT) to serve as members of GFH Board until the earlier of the completion of the Spin-Off or 180 days after the closing of the Business Combination.

In addition, Mr. David Lucatz, CEO and Chairman of the MICT Board, has certain holdings through his affiliates which constitute approximately 13% of MICT's outstanding common stock, not including options and restricted stock set forth above, as well as right to be assigned, upon the closing of the Business Combination, certain rights in connection with the Consulting Agreement entered into by and between MICT, Enertec Systems 2001 Ltd. (“**Enertec**”), Coolisys Technologies Inc., DPW Holdings, Inc. and Mr. Lucatz, pursuant to which MICT, via Mr. Lucatz, agreed to provide Enertec with certain consulting and transitional services over a three year period in exchange for an annual consulting fee of \$150,000 plus certain issuances of restricted stock. In connection with the Business Combination, all rights and obligations under such agreement shall be assigned to Mr. Lucatz, along with all equity issued pursuant thereto.

Recommendation to Stockholders of MICT

The MICT Board believes that the Proposals are in the best interest of MICT's Stockholders and recommends that its stockholders vote "FOR" each of the Proposals.

The existence of any financial and personal interests of one or more of the MICT Board may be argued to result in a conflict of interest on the part of such director(s) between what he, she or they may believe is in the best interests of MICT and its stockholders and what he, she or they may believe is best for himself, herself or themselves in determining to recommend that stockholders vote for the proposals. See the section entitled "*Summary of the Material Terms of the Proposals — The Business Combination Proposal — Interests of MICT's Directors and Officers in the Business Combination*" in this proxy statement/prospectus for a further discussion of this.

## Quorum and Vote of MICT Stockholders

A quorum of holders of MICT voting stock (the “**MICT Stockholders**”) is necessary to hold a valid meeting. The holders of a majority of the stock issued, outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders and shall be required for the transaction of business, except as otherwise provided by law, by the certificate of incorporation or the bylaws of MICT. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting unless the adjournment is for more than thirty (30) days or after the adjournment a new record date is set, until the required amount of voting stock shall be present. At such adjourned meeting at which a quorum shall be present in person or by proxy, any business may be transacted that might have been transacted at the meeting originally called.

As of the Record Date for the Special Meeting, \_\_\_\_\_ shares of common stock would be required to achieve a quorum.

As a condition to the completion of the Business Combination, the affirmative vote of the holders of a majority of the voting power of the shares of MICT Common Stock entitled to vote on the Business Combination Proposal is required. The affirmative vote of a majority of the voting power of the votes cast at the Special Meeting is required for the Golden Parachute Proposal and the Adjournment Proposal, if presented.

## Other Regulatory Requirements

Aside from regulatory approvals required under the U.S. federal securities laws, the approval of the Business Combination is not subject to any other regulatory approvals or requirements.

## Appraisal Rights for MICT Stockholders

In accordance with Section 262 of the Delaware General Corporation Law, MICT Stockholders do not have appraisal rights in connection with the Business Combination.

Opinion of MICT's Financial Advisor

In connection with the Business Combination, CoView Capital ("**Coview**") was engaged by the MICT Board to evaluate the fairness, from a financial point of view, of the Business Combination and the transactions contemplated thereby, to the stockholders of MICT's outstanding common stock (other than BNN) who have not participated in the tender offer conducted by BNN.

At MICT's board meeting on November 14, 2018, representatives of CoView rendered its oral opinion, which was subsequently confirmed by delivery of a written opinion to the MICT Board, dated November 14, 2018, as to the fairness of the transaction, as of such date, from a financial point of view, to the post-tender offer holders of MICT's outstanding common stock (other than shareholders of BNN, the ("**BNN Stockholders**")) pursuant to the Acquisition Agreement, based upon and subject to the qualifications, assumptions and other matters considered and described in connection with the preparation of its opinion. CoView subsequently updated its opinion as of December 17, 2018, and delivered such updated written opinion to MICT's board of directors on December 17, 2018.

**The full text of the written opinion of CoView, dated December 17, 2018, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by CoView in connection with its opinion is attached with the consent of CoView as Annex D to this document (the “Fairness Opinion”). The summary of the opinion of CoView set forth in this document is qualified in its entirety by reference to the full text of such written opinion. Holders of MICT Common Stock are urged to read this opinion in its entirety. Terms not defined in this section shall have the meaning ascribed to them in the Fairness Opinion attached hereto as Annex D.**

CoView provided its opinion for the information and assistance of the MICT Board (solely in each director’s capacity as such) in connection with and solely for the purpose of its consideration of whether the transaction was fair, from a financial point of view, to the post-tender stockholders of MICT Common Stock (excluding BNN Stockholders). The opinion of CoView does not address any other term or aspect of the Acquisition Agreement, the Business Combination or any other transaction contemplated thereby. CoView’s opinion does not constitute a recommendation to the MICT Board or to any holder of MICT Common Stock as to how the MICT Board, such stockholder or any other person should vote or otherwise act with respect to the Business Combination or any other matter.

In connection with the preparation of its opinion, CoView, among other things:

§ reviewed the financial terms and conditions as stated in the draft of the Acquisition Agreement dated December 15, 2018, the most recent draft made available to CoView at such time;

§ reviewed information provided in the Confidential Investor Information Package provided by Mirabaud & Cie to potential investors in GFH, dated October 8, 2018;

§ reviewed certain information related to the operations, financial condition and prospects, of MICT, ParagonEx and BI China made available to CoView by each company, including, but not limited to, financial projections prepared management, as approved for CoView use by the management of each company (the “**Projections**”);

§ reviewed financial, operating and other information regarding the industries in which BI China and ParagonEx operate;

§ reviewed certain financial and stock market data of selected public companies that CoView deemed to be relevant;

§ reviewed certain publicly available information concerning certain financial terms of selected transactions that CoView deemed to be relevant;

§ performed a discounted cash flow analysis of BI China, ParagonEx and GFH based upon the Projections;

§ reviewed current and recent market prices and trading volume for MICT's common stock;

§ conducted such other financial studies, analyses and inquiries, and considered such other information and factors, as CoView deemed appropriate; and

§ met and discussed with certain members of senior management of BNN, ParagonEx and MICT certain information relating the aforementioned and other matters which CoView deemed relevant to its inquiry.

With MICT's consent, CoView assumed and relied upon the accuracy and completeness of all information that was publicly available or supplied or otherwise made available by MICT, BI China and ParagonEx, or otherwise reviewed by or discussed with CoView, and CoView did not undertake any duty or responsibility to (nor did CoView) independently verify any of such information. CoView did not make or obtain an independent appraisal of the assets or liabilities (contingent or otherwise) of MICT, BI China or ParagonEx, nor was CoView furnished with any such evaluations or appraisals. With respect to the Projections and any other information and data provided to or otherwise reviewed by or discussed with CoView, CoView, with MICT's consent, assumed that the Projections and such other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgements of management of BI China and ParagonEx or the party preparing such other information or data, that the forecasts will be realized in the amounts and time periods estimated and that they formed a reasonable basis upon which CoView could form its opinion. CoView relied upon MICT to advise CoView promptly if any information previously provided became inaccurate or was required to be updated during the period of its review and has assumed that all such information was complete and accurate in all material respects. CoView expressed no opinion with respect to the Projections or the assumptions on which they were based and does not in any respect assume any responsibility for the accuracy thereof. Furthermore, at MICT's request and with MICT's consent, CoView conducted certain analysis utilizing financial forecasts of BI China and ParagonEx prepared by their respective management. All such projected financial information were based upon numerous variables and assumptions and actual results could vary significantly from those set forth in such projected financial information. CoView relied upon, without independent verification, the assessment of management of BI China and ParagonEx, as provided to CoView and approved by MICT, as to the existing products and services of BI China and ParagonEx and the viability of, and risks associated with, the future products and services of BI China and ParagonEx (including without limitation, the development, testing and marketing of such products and services, the receipt of all necessary governmental and other regulatory approvals for the developments, and the life and enforceability of all relevant patents, licenses and intellectual and other property rights associated with such products and services).

The prospective financial information included in this document related to ParagonEx has been prepared by, and is the responsibility of, ParagonEx's management. PricewaterhouseCoopers LLC ("PwC") has not audited, reviewed, examined, compiled, nor applied agreed-upon procedures with respect to the prospective financial information and, accordingly, PwC does not express an opinion or any other form of assurance with respect thereto. The PwC report included in this document relates to ParagonEx's historical financial statements. It does not extend to the prospective financial information and not be read to do so.

CoView has assumed that the final form of the Acquisition Agreement will not differ in any material respect from the draft that CoView reviewed, and that the Business Combination will be consummated in accordance with the terms of the Acquisition Agreement without material waiver, amendment or delay of any terms or conditions thereto. Furthermore, CoView assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the Agreement were true and correct and that each party will perform all of the covenants and agreements required to be performed by it under the Agreement without being waived, CoView relied upon and assumed, without independent verification, that (i) the Business Combination would be consummated in a manner that complies in all respects with all applicable international, federal and state statutes, rules and regulations, and (ii) all governmental, regulatory or other consents and approvals necessary for the consummation of the Business Combination would be obtained and that no delay, limitations, restrictions or conditions would be material to its analysis or opinion or to contemplated benefits expected to be derived in the Business Combination. CoView has

relied upon, without independent verification, the assessment by the managements of MICT, BI China and ParagonEx of: (i) the strategic, financial and other benefits expected to result from the Business Combination; and (ii) the timing and risks associated with the integration of MICT with the other entities involved in the Transactions following the consummation of the Business Combination.



CoView expressed no view, and its opinion does not address the underlying business decision of MICT to effect the Business Combination or the structure or tax consequences of the Business Combination. In addition, CoView's opinion does not address the relevant merits of the Business Combination as compared to any other alternative business transaction or other alternatives, or whether or not such alternatives could be achieved or are available. CoView did not recommend any specific amount of consideration for the Business Combination or that any specific consideration constituted the only appropriate consideration for the Business Combination. CoView's opinion is limited to the fairness, from a financial point of view, as of this date, of the Transaction taken as a whole. Subsequent developments may affect the conclusions expressed in CoView's opinion if such opinion had been rendered at a later date and CoView disclaims any obligation to advise any person of any change in any manner affecting its opinion that may come to its attention after the date of the opinion. CoView is not a legal, tax or regulatory advisor. CoView expressed no opinion with respect to any other reasons (legal, business, or otherwise) that may support the decision of the Board to approve or consummate the Business Combination. Furthermore, no opinion, counsel or interpretation was intended by CoView on matters that require legal, accounting or tax advice. CoView assumed that such opinions, counsel or interpretations had been or would be obtained from appropriate professional sources. Furthermore, CoView relied, with the consent of The MICT Board and without independent investigation, on the fact that MICT was assisted by legal, accounting, regulatory and tax advisors, and, with the consent of The MICT Board relied upon and assumed the accuracy and completeness of the assessments by MICT and its advisors, as to all legal, accounting, regulatory and tax matters with respect to MICT and the Business Combination.

In formulating its opinion, CoView considered only the Business Combination as set forth in the draft Agreement that it reviewed, and CoView did not consider, and its opinion did not address, the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of any party to the Business Combination, or such class of persons, in connection with the Business Combination whether relative to the proposed consideration or otherwise. CoView expressed no opinion as to the prices at which MICT shares will trade at any time or as to the impact of the Business Combination on the solvency or viability of MICT, or the ability of MICT, BI China or ParagonEx to pay their respective obligations when they come due. CoView's opinion is necessarily based on financial, economic, market, tax and other conditions as in effect on, and the information made available to CoView as of, the date hereof. Events occurring after the date hereof may affect its opinion and the assumptions used in preparing it, and CoView does not assume any obligation to update, revise or reaffirm its opinion.

### *Financial Analyses*

The following summarizes the financial analyses reviewed by CoView with the MICT Board at its meeting on November 14, 2018, and subsequently updated as of December 17, 2018, which was considered by CoView in rendering its opinion. Considering such data without the full narrative description of the financial analyses could create a misleading or incomplete view of CoView's financial analyses.

In arriving at its opinion, CoView did not attribute any particular weight to any analysis or factor considered by it and the order of the analyses described below does not represent the relative importance or weight of any of these. Rather,

CoView made qualitative judgements as to the significance and relevance of each analysis and factor. Accordingly, CoView believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete view of the process underlying its opinion.

The description below explains CoView's methodology for evaluating the fairness, from a financial point of view, of the Transactions as a whole. No company or transaction used in the analyses described below is identical or directly comparable to MICT, BI China, ParagonEx or the Business Combination and the summary set forth below does not purport to be a complete description of the analyses or data presented by CoView.

**MICT***Internal Valuation*

CoView conducted an internal valuation of MICT to derive its value as close to the contemplated closing date as possible. This method looks at how the public market, post-announcement, valued MICT. To arrive at the internal valuation, CoView took MICT's market capitalization as of December 15, 2018, and added net debt on the balance sheet. CoView then subtracted an amount equivalent to 50.07% of the current market capitalization of Micronet (TASE: MCRNL), therefore accounting for the spin-off of the Micronet assets to the post-tender offer, pre-Business Combination stockholders of MICT. The results obtained through this methodology were as follows:

**Components of the Internal Valuation**

In \$000's, other than share prices. Share prices as of 12/15/2018

MICT Stock Price (NASDAQ: MICT):	\$0.37
MICT shares outstanding:	9,592
MICT Market Cap:	\$3,549
MICT Net Debt:	\$560
Micronet Stock Price (TASE:MCRNL):	\$0.14
Micronet Shares Outstanding:	24,347
Micronet Market Cap:	\$3,409
MICT Ownership in Micronet: (including ownership by David Lucatz or his affiliates)	50.07% or \$1,707

**Value of MICT as an Exchange-Listed Company – in \$000's**

MICT Market Cap:	\$3,549
(less) Market Value of MICT's ownership in MCRNL:	\$1,707
MICT Market Cap Post-Spin-Off of MCRNL:	\$1,842
(plus) MICT Net Debt:	\$560
Enterprise Value of MICT "Shell":	\$2,402

*Comparable Transaction Analysis – Exchange-Listed Companies*

CoView analyzed eight reverse merger transactions, looking at the value of exchange-listed companies at closing. The transactions included the following:

Closing Date	Target (Exchange-Listed Company)	Buyer
08/09/18	Leading Brands, Inc.	Liquid Media Group
03/26/18	EnerJex Resources, Inc.	AgEagle Aerial Systems, Inc.
01/30/18	WPCS International Incorporated	DropCar, Inc.
04/19/17	Dipexium Pharmaceuticals, Inc.	PLx Pharma Inc.
02/13/17	Signal Genetics, Inc.	Miragen Therapeutics, Inc.
10/26/16	Yuma Energy, Inc.	Yuma Energy, Inc.
08/25/16	Lucas Energy, Inc.	Camber Energy, Inc.
Pending	Apricus Bioscience, Inc.	Seelos Therapeutics

CoView selected companies that were involved in a reverse merger regardless of the sectors in which they operated, as the sector was not relevant. CoView included companies trading on major US stock exchanges (NYSE, NASDAQ, and AMEX). In order to value the exchange-listed company, CoView started with the market capitalization of MICT at closing, added liabilities to the market capitalization and subtracted tangible assets (at orderly liquidation value), preferred equity and minority interests, thus arriving at the adjusted Enterprise Value of exchange-listed companies involved in reverse mergers. The results obtained through this methodology were as follows:

### Comparable Transaction Analysis – Exchange-Listed Companies

In \$000's	Median	Mean
Adj. Enterprise Value of Shells	\$6,573	\$7,448

### BI China

#### *Comparable Company Analysis*

CoView analyzed the relative valuation multiples of exchange-listed companies operating in the lottery and gaming industry, which included:

§	500.com Limited
§	888 Holdings plc
§	International Game Technology
§	Scientific Games Corporation
§	The Stars Group, Inc.

CoView calculated the mean, median, 25<sup>th</sup> percentile and 75<sup>th</sup> percentile of the Enterprise Value/2019E EBITDA multiples of the selected companies and applied such multiples to BI China's 2019E earnings before interest, tax, depreciation and authorization ("EBITDA"), deriving a range of Implied Enterprise Values for BI China. CoView also calculated a range of Implied Equity Values for BI China. To arrive at the range of Implied Equity Values, CoView added BI China's net cash as per the Acquisition Agreement to the Enterprise Values previously calculated. The results obtained through this methodology were as follows:

**BI China – Comparable Company Analysis**

In \$000's	<b>25<sup>th</sup> Perc.</b>	Median	Mean	<b>75<sup>th</sup> Perc.</b>
Multiple	6.06x	6.78x	7.18x	7.89x
BI China Implied Enterprise Value	\$ 146,296	\$ 163,545	\$ 173,219	\$ 190,469
BI China Implied Equity Value	\$ 158,642	\$ 175,891	\$ 185,565	\$ 202,815

*Comparable Transaction Analysis*

CoView analyzed publicly available information relating to selected majority acquisitions of companies operating in a similar sector and subject to similar risks as BI China announced in the last three years. CoView then prepared a summary of multiples paid in these transactions. The selected transactions used in the analysis included:

<b>Closing Date</b>	<b>Target</b>	<b>Buyer</b>
10/09/2018	GoldBet srl	Gamenet S.p.A.
07/10/2018	Sky Betting and Gaming	The Stars Group Inc.
06/05/2018	Snaitech S.p.A.	Pluto (Italia) S.p.A.
04/23/2017	William Hill Australia Trading	CrownBet Pty Limited
04/13/2018	Mars LLC	GVC Holdings PLC
03/28/2018	Ladbrokes Coral Group plc	GVC Holdings PLC
12/22/2017	Tatts Group Limited	Various Buyers
06/06/2017	32Red Plc	Kindred Group
06/01/2017	Double Down Interactive LLC	DoubleUGames Co.
03/21/2017	NetPlay TV Limited	Betsson AB
12/15/2016	Sisal Group S.p.A	CVC Capital Partners

CoView calculated the mean, median, 25<sup>th</sup> percentile and 75<sup>th</sup> percentile of the Implied Enterprise Value/EBITDA multiples of the targets at closing date and applied such multiples to BI China's 2019E EBITDA to derive a range of Implied Enterprise Values for BI China. CoView also calculated a range of Implied Equity Values for BI China. To arrive at the range of Equity Values, CoView added BI China's net cash as per the Acquisition Agreement to the Implied Enterprise Values previously calculated. The results obtained through this methodology were as follows:

**BI China - Comparable Transaction Analysis**

In \$000's	<b>25<sup>th</sup> Perc.</b>	<b>Median</b>	<b>Mean</b>	<b>75<sup>th</sup> Perc.</b>
Multiple	6.66x	7.09x	10.49x	15.64x
BI China Implied Enterprise Value	\$ 160,568	\$ 171,064	\$ 253,075	\$ 377,353
BI China Implied Equity Value	\$ 172,768	\$ 183,264	\$ 265,275	\$ 389,553

*Discounted Cash Flow Analysis*

CoView estimated a range of Enterprise Values for BI China based upon the present value of BI China's estimated unlevered free cash flows for fiscal years ended December 31, 2019 through December 31, 2021. CoView used unlevered free cash flows defined as earnings before interest, after taxes, plus depreciation, plus amortization, less capital expenditures, less changes in net working capital. The discounted cash flow analysis was based on the Projections. Due to lack of management balance sheet projections, CoView utilized a combination of BI China's historical financials and industry metrics to calculate changes in net working capital. In performing this analysis, CoView utilized discount rates ranging from 18% to 22%, representing the weighted average cost of capital calculated for BI China, plus a size premium and an "alpha factor". BI China's cost of equity was derived using the capital asset pricing model while its cost of debt was assumed to be the interest rate on BI China's convertible notes. A size premium was added to the rate as BI China is significantly smaller than its peers in terms of market capitalization. An alpha factor was incorporated in the discount rate as several business specific risks associated with BI China are not shared with its peers and thus are not captured by the industry's unlevered beta. Consistent with the periods included in the Projections, CoView used calendar year 2021 as the final year of the analysis and applied an Enterprise Value/EBITDA multiple ranging from 6x to 9x to BI China's 2021 projected EBITDA to derive a range of terminal values for BI China in 2021. CoView then discounted the terminal value to present using BI China's weighted average cost of capital and added the result to the present value of BI China's unlevered free cash flows to derive a range of Implied Enterprise Values. The resulting range of Enterprise Values was adjusted by BI China's net cash to arrive at a range of Implied Equity Values for BI China. The discounted cash flow analysis was based upon certain assumptions described above derived from the Projections and discussions held with BI China's management.



CoView reviewed the range of Implied Enterprise Values and Implied Equity Values derived through the discounted cash flow analysis to arrive at a range of values for BI China. CoView then compared this range of values for BI China to the consideration to be paid to BI China in accordance with the Acquisition Agreement. The results obtained through this methodology were as follows:

### BI China Discounted Cash Flow Analysis

In \$000's	Low	High
BI China Implied Enterprise Value	\$342,097	\$508,901
BI China Implied Equity Value	\$354,297	\$521,101

### ParagonEx

#### *Comparable Company Analysis*

CoView analyzed the relative valuation multiples of exchange-listed companies involved in online trading/market making activities, which included:

§	Gain Capital Holdings, Inc.
§	Virtu Financial, Inc.
§	Plus500.com Ltd.
§	CME Group Inc.
§	IG Group Holdings plc

CoView reviewed the mean, median, 25<sup>th</sup> percentile and 75<sup>th</sup> percentile of the LTM Enterprise Value/EBITDA multiples of the selected companies and applied such multiples to ParagonEx's 2018E EBITDA, as provided in the Projections, to derive a range of Implied Enterprise Values for ParagonEx. As ParagonEx is entering the transaction on a debt-free, cash-free basis, the Implied Enterprise Value of ParagonEx is equal to the Implied Equity Value. The results obtained through this methodology were as follows:

**ParagonEx - Comparable Company Analysis**

In \$000's	<b>25<sup>th</sup> Perc.</b>	Median	Mean	<b>75<sup>th</sup> Perc.</b>
Multiple	2.93x	5.74x	8.97x	9.04x
ParagonEx Implied Equity Value	\$49,292	\$96,603	\$151,121	\$152,248

*Comparable Transaction Analysis*

CoView analyzed publicly available information relating to selected majority acquisitions of companies operating in a similar sector and subject to similar risks as ParagonEx announced in the last three years. Due to the limited number of publicly-disclosed transactions within the online trading sector, some companies involved in these transactions may not be fully comparable to ParagonEx, but they all operate in the financial sector and are subject to similar risks as ParagonEx. The selected transactions used in the analysis included:

<b>Closing Date</b>	<b>Target</b>	<b>Buyer</b>
10/01/2018	Eze Software Group	SS&C Technologies Holdings
07/17/2018	Action Corporation	HCL Technologies Limited and Sumeru Equity Partners
12/14/2017	Trayport Limited	TMX Group Limited
08/31/2017	The Yield Book Inc. and Citigroup Index	FTSE International Limited
02/28/2017	BATS Global Markets, Inc.	Cboe Holdings, Inc.
12/14/2015	Interactive Data Holdings	Intercontinental Exchange

CoView calculated the mean, median, 25<sup>th</sup> percentile and 75<sup>th</sup> percentile of the Implied Enterprise Value/EBITDA multiples of the targets at closing and applied such multiples to ParagonEx's 2018E EBITDA, to derive a range of Implied Enterprise Values for ParagonEx. As ParagonEx is entering the transaction on a debt-free, cash-free basis, the Implied Enterprise Value of ParagonEx is equal to the Implied Equity Value. The results obtained through this methodology were as follows:

#### ParagonEx - Comparable Transaction Analysis

In \$000's	<b>25<sup>th</sup> Perc.</b>	Median	Mean	<b>75<sup>th</sup> Perc.</b>
Multiple	13.30x	14.35x	15.18x	17.45x
ParagonEx Implied Equity Value	\$224,038	\$241,641	\$255,691	\$293,800

#### *Discounted Cash Flow Analysis*

CoView estimated a range of Enterprise Values for ParagonEx based upon the present value of ParagonEx's estimated unlevered free cash flows for fiscal years ended December 31, 2019 through December 31, 2021. CoView used unlevered free cash flows, defined as earnings before interest, after taxes, plus depreciation, plus amortization, less capital expenditures, less net change in working capital. This discounted cash flow analysis was based on the Projections. In performing this analysis, CoView utilized discount rates ranging from 15.5% to 19.5%, representing the weighted average cost of capital of ParagonEx, plus a size premium and an "alpha factor". ParagonEx does not carry any debt, thus the weighted average cost of capital is based solely on its cost of equity, which was derived using the capital asset pricing model. A size premium was added to the rate as ParagonEx is significantly smaller than its peers in terms of market capitalization. An "alpha factor" was incorporated in the discount rate as several business specific risks associated with ParagonEx are not shared with its peers and thus are not captured by the industry's unlevered beta. CoView used calendar year 2021 as the final year of the analysis and applied an Enterprise Value/EBITDA multiple ranging from 6x to 9x to ParagonEx's 2021 EBITDA to derive a range of terminal values for ParagonEx in 2021. CoView then discounted the terminal value to present using ParagonEx's weighted average cost of capital and added the result to the present value of ParagonEx's unlevered free cash flows to derive a range of Implied Enterprise Values. As ParagonEx is entering the transaction on a debt-free, cash-free basis, ParagonEx's Implied Enterprise Value is equal to its Implied Equity Value. The discounted cash flow analysis was based upon certain assumptions described above derived from the Projections and discussions held with ParagonEx's management.

CoView reviewed the range of Implied Equity Values derived through the discounted cash flow analysis to arrive at a range of values for ParagonEx. The results obtained through this methodology were as follows:

**ParagonEx – Discounted Cash Flow Analysis**

In \$000's	Low	High
ParagonEx Implied Equity Value	\$137,710	\$203,122

**GFH***Discounted Cash Flow Analysis*

CoView conducted a valuation of the entire enterprise arising after the Business Combination. As per the Projections, CoView took into account revenues of BI China, ParagonEx as well as other revenue streams that fall outside of the Projections for BI China and ParagonEx, including “Play for Fun”, Hong Kong trading income and commodities exchange. As the targets have not specifically been identified, CoView did not include revenues derived from acquisitions that GFH plans to execute after the Business Combination. CoView estimated a range of Enterprise Values for GFH based upon the present value of GFH’s estimated unlevered free cash flows for fiscal years ended December 31, 2019 through December 31, 2021. CoView used unlevered free cash flows defined as earnings before interest, after taxes, plus depreciation, plus amortization, less capital expenditures, less change in net working capital. The discounted cash flow analysis was based on the Projections. In performing this analysis, CoView utilized discount rates ranging from 16% to 20%, representing a hybrid rate of the weighted average cost of capital of BI China and ParagonEx, weighted by the percentage of total revenue of GFH generated by each revenue stream. In terms of the incremental revenue streams, CoView assigned to “Play for Fun” a discount rate equivalent to BI China’s discount rate and to “Hong Kong trading” and “commodities exchange” a discount rate equivalent to ParagonEx’s discount rate. Such rates were involved into the weighting scheme described above to arrive at a discount rate for GFH as a whole. Consistent with the periods included in the Projections, CoView used calendar year 2021 as the final year of the analysis and applied an Enterprise Value/EBITDA multiple ranging from 5x to 7x to GFH’s 2021 projected EBITDA to derive a range of terminal values for GFH in 2021. CoView then discounted the terminal value to present using GFH’s weighted average cost of capital and added the result to the present value of GFH’s unlevered free cash flows to derive a range of Implied Enterprise Values. The resulting range of Enterprise Values was adjusted by GFH’s net cash (taking into account transaction expenses) to arrive at a range of Implied Equity Values for GFH. The discounted cash flow analysis was based upon certain assumptions described above derived from the Projections and discussions held with BI China’s and ParagonEx’s management.

CoView reviewed the range of Implied Enterprise Values and Implied Equity Values derived through the discounted cash flow analysis to arrive at a range of values for GFH. The results obtained through this methodology were as follows:

**GFH – Discounted Cash Flow Analysis**

In \$000’s	Low	High
GFH Implied Enterprise Value	\$646,752	\$889,072
GFH Implied Equity Value	\$648,204	\$890,525

CoView then multiplied the high and low end points of the range of Implied Equity Values for GFH to the percentage ownership to be retained by post-tender offer MICT Stockholders in GFH (excluding BNN Stockholders) post-transaction on a fully diluted basis to arrive at a range of values retained by MICT Stockholders. The results obtained through this methodology were as follows:

**Value Retained by MICT Stockholders (excluding BNN Stockholders)**

In \$000's	Low	High
GFH Implied Equity Value	\$648,204	\$890,525
Percentage to be retained by MICT Stockholders	3.51 %	3.51 %
Total Value of GFH retained by MICT Stockholders	\$22,752	\$31,257

*Sum-of-Parts Analysis*

CoView also conducted a sum-of-parts analysis, only taking into account revenues generated by BI China and ParagonEx. This valuation is more conservative than the discounted cash flow analysis described above as it disregards revenues generated by incremental revenue streams such as “Play for Fun”, Hong Kong trading and commodities exchange. CoView took the low, midpoint and high Implied Equity Values for both BI China and ParagonEx derived through the comparable company analysis, comparable transaction analysis and discounted cash flow analysis and added each value together in order to arrive at a range of Implied Equity Values for GFH. The results obtained through this methodology were as follows:

**GFH - Sum-of-Parts Analysis**

In \$000's	Low	Midpoint	High
BI China Implied Equity Value	\$158,642	\$347,081	\$521,247
ParagonEx Implied Equity Value	\$49,292	\$171,546	\$293,800
GFH Implied Equity Value	\$207,934	\$518,627	\$815,047

Based on the above, CoView multiplied the low, midpoint and high Implied Equity Values for GFH to the percentage ownership to be retained by post-tender offer MICT Stockholders in GFH (excluding BNN Stockholders) post-transaction on a fully diluted basis to arrive at a range of values retained by MICT Stockholders. The results obtained through this methodology were as follows:

**Value Retained by MICT Stockholders (excluding BNN Stockholders)**

In \$000's	Low	Midpoint	High
GFH Implied Equity Value	\$207,934	\$518,627	\$815,047
Percentage to be retained by MICT Stockholders	3.51 %	3.51 %	3.51 %
Total Value of GFH retained by MICT Stockholders	\$7,298	\$18,203	\$28,608

*Conclusion*

Through an analysis of comparable exchange-listed companies, CoView arrived at mean and median values of \$7.44 million and \$6.57 million, respectively, for exchange-listed companies. CoView arrived at a value of \$2.4 million

based on an internal valuation of MICT.

**MICT Exchange-Listed Company Valuation**

**(based on Comparable Reverse Merger Transactions and Internal Valuation)**

In millions	Mean	Median
Comparable Exchange-Listed Valuation	\$6.75	\$ 7.45
MICT Internal Valuation	\$2.4	



Employing various valuation methodologies, CoView arrived at a range of Implied Equity Values for GFH. By multiplying the low and high ends of this range by the percentage ownership to be retained by post-tender offer MICT Stockholders in GFH (excluding BNN Stockholders) post-transaction on a fully diluted basis (3.51%), CoView derived a range of values to be retained by MICT Stockholders ranging from \$7.29 million to \$31.26 million. CoView's final results were as follows:

#### **Value Retained by MICT Stockholders in GFH**

In millions	Low	High
GFH: DCF Valuation	\$22.75	\$31.26
GFH: Sum-of-Parts Valuation	\$7.29	\$28.61

Thus CoView, based on the information provided by management of MICT, BNN and ParagonEx, without independent verification, is of the conclusion that the Transaction as a whole, from a financial point of view, is fair to the stockholders of MICT (other than BNN Stockholders).

#### **MICT's reasons for engaging in the Business Combination**

An important reason that The MICT Board unanimously approved entering into the Acquisition Agreement is that it offers stockholders the option to either (i) cash out at a price of \$1.65 per share (subject to a pro rata reduction if more shares were tendered than those offered to purchase by BNN in the Offer), which would allow such stockholders to sell their shares at a premium to the market (based both on the current share price, and as adjusted to give effect to the presumed reduction in the value of MICT's stock price pursuant to the spin-off of MICT's Tel Aviv Stock Exchange-listed subsidiary Micronet), or (ii) receive their pro rata portion of the shares of Micronet that would be spun out, which shares would represent all of MICT's current value (other than the value of its listing on The Nasdaq Capital Market and certain other immaterial equity interests), and exchange their shares of MICT's common stock for shares of the ultimate public company, thereby participating in the upside of the public company. Stockholders will also have the opportunity to reduce their risk and achieve some liquidity by tendering only a portion of their shares, while electing to receive shares of Micronet and shares of the ultimate public company in exchange for the shares of MICT's common stock that they do not tender.

The MICT Board has not yet determined whether to recommend that MICT's stockholders regarding whether to tender their shares pursuant to the Offer. The Acquisition Agreement requires that MICT file a Tender offer Solicitation/Recommendation Statement on Schedule 140-9 with respect to the offer no later than 10 Business Days after the offer Documents are first filed with the SEC, and MICT intends to make a recommendation to MICT's stockholders at such time.

In approving the Business Combination and transactions contemplated thereby, including the Offer, and in considering whether to make a recommendation to MICT's stockholders regarding whether to accept the offer and tender their shares pursuant to the offer, which it has determined not to do at this time, the MICT Board consulted with MICT's senior management, its legal advisors, and CoView, and reviewed, evaluated and considered numerous factors and a wide range of information and data, including:

The MICT Board considered that the structure of the Business Combination and the transactions contemplated thereby, including the Offer, provided its stockholders with choices that would fit the individual circumstances of each stockholder. The board considered that each stockholder could make an independent judgment of whether to eliminate its interest in MICT by tendering any or all of its shares into the Offer (subject to a pro rata reduction if more shares were tendered than those offered to purchase by BNN in the Offer) or to maintain an interest in Micronet Ltd. and exchange its shares of MICT's common stock for shares of the public company. Personal considerations the board believed may be relevant to an MICT stockholder's decision included:

the stockholder's determination of the adequacy of the Offer Price in light of the stockholder's own investment objectives;

o the stockholder's need for liquidity or diversification;

the stockholder's views as to Micronet and the public company's outlook, including the synergies that could result from the Business Combination;

o other investment opportunities, including other types of investments, available to the stockholder;

o whether the stockholder requires current income on its investment;

the stockholder's assessment of the appropriateness for investing in equity securities generally in the current economic, business and political climate, with respect to which the stockholder should consult with competent investment professionals;

the tax consequences to the stockholder of participating in the Offer or of receiving shares of Micronet and the ultimate public company, for which the stockholder should consult with competent tax advisors; and

the other factors considered by the MICT Board described herein, and any other factors that the stockholder deems relevant to its investment decision.

The MICT Board received a fairness opinion from CoView, dated December 17, 2018, concluding that the Transactions are fair to the stockholders of MICT (other than BNN and its affiliates, regarding whom CoView had no opinion) from a financial point of view, as more fully described above under the caption "*Opinion of MICT's Financial Advisor.*"

In addition to the fairness opinion, the MICT Board also considered that the Offer Price represents a premium to the market (based both on the current share price, and as adjusted to give effect to the presumed reduction in the value of MICT's stock price pursuant to the spin-off of Micronet).

The MICT Board considered alternatives other than the Business Combination, including MICT's prospects were it to continue as a stand-alone company, and concluded that none of these alternatives were reasonably likely to present opportunities for creating greater value for MICT's Stockholders.

The MICT Board believes that, as a result of arm's length negotiations with BNN and ParagonEx, MICT and its representatives negotiated the highest exchange ratio that BNN and ParagonEx were willing to agree to, and that the terms of the Acquisition Agreement and related agreements include the most favorable terms to MICT in the aggregate which BNN and ParagonEx were willing to agree to.

The MICT Board considered the public company's outlook, including the synergies that could result from the Business Combination, as well as that the public company would be led by an experienced senior management team and board of directors.

The MICT Board considered that it can change its recommendation with respect to the Offer at a later time prior to the expiration of the Offer, including if there is a change of events or circumstances or additional information comes to the attention to The MICT Board.

The MICT Board considered that the possibility of the transactions contemplated by the Acquisition Agreement had been public since the LOI was announced on July 2, 2018, and that no alternative proposals had been put forward between such date and the date on which the Acquisition Agreement was executed.

The MICT Board considered the terms and conditions of the Acquisition Agreement and the transactions contemplated thereby, as well as the safeguards and protective provisions included therein to mitigate risk, including:

the respective rights of, and limitations on, the parties to the Acquisition Agreement to pursue strategic alternatives, including the ability of MICT to terminate the Acquisition Agreement in order to participate in an alternative transaction;

the reasonableness of the potential termination fee of \$1,800,000 (which would increase to \$3,000,000 in certain situations) that could become payable to MICT if the Acquisition Agreement is terminated in certain circumstances;

the voting agreement, pursuant to which Mr. Lucatz agreed, solely in his capacity as a stockholder of MICT, to vote all of his shares of MICT in favor of the Business Combination;

the ability of MICT to incur up to \$760,000 of indebtedness during the interim period which shall be reduced to no more than \$560,000 prior to the completion of the spin-off of Micronet;

the increased protections MICT had negotiated for in the Acquisition Agreement, including the addition of a closing condition requiring ParagonEx to enter into a definitive agreement with UFX, the requirement that certain members of ParagonEx management enter into non-compete agreements in advance of closing, the inclusion of a covenant that ParagonEx would use its best efforts to complete the PX Exchange Ltd. (“**PX Exchange**”) acquisitions, and the inclusion of covenants to remedy certain of BNN’s share capital issues and concerns about governance controls and procedures; and

the belief that the terms of the Acquisition Agreement, including the parties’ representations, warranties and covenants, and the conditions to their respective obligations, are reasonable under the circumstances.

In the course of its deliberations, The MICT Board also considered a variety of risks and other countervailing factors related to entering into the Acquisition Agreement, including:

the \$900,000 termination fee payable by MICT upon the occurrence of certain events and the potential effect of such termination fee in deterring other potential acquirers from proposing an alternative transaction that may be more advantageous to MICT’s Stockholders;

the substantial expenses to be incurred in connection with the Business Combination and related transactions;

the possible volatility, at least in the short term, of the trading price of MICT’s common stock resulting from the announcement of the Business Combination and related transactions;

the risk that the Business Combination and related transactions might not be consummated in a timely manner or at all and the potential adverse effect of a failure to complete the Business Combination on the reputation of MICT;

the likely detrimental effect on MICT's cash position, stock price and ability to successfully complete an alternative transaction should the Business Combination not be completed;

the risk that the synergies expected to result from the Business Combination would not come to fruition or that the performance of BNN and ParagonEx would not support the valuations ascribed to them in connection with the Business Combination; and

various other risks associated with the Business Combination, the related transactions and the public company, including those described in the section entitled "*Risk Factors*".

## Accounting Treatment of the Business Combination

The financial statements of GFH have been prepared in accordance with IFRS as issued by the IASB. The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies. The areas that require a high level of judgment or areas of judgment and estimation that are significant to GFH are disclosed in the notes accompanying its annual financial statements.

Under IFRS, the Transactions contemplated by the Acquisition Agreement will be accounted for as a business combination using the acquisition method in accordance with IFRS 3, Business Combinations, which requires that one of the companies in the Transactions be designated as the acquirer for accounting purposes, based on the evidence available. While GFH is the legal acquirer, ParagonEx is the accounting acquirer. ParagonEx has been deemed the accounting acquirer because its shareholders will have the majority shareholding between them after the transactions, and ParagonEx was the largest trading entity between the three parties. In GFH's consolidated financial statements, the assets and liabilities of BI China will initially be recorded at fair value and the excess of the consideration paid to the BI China shareholders over the net fair value of its assets and liabilities will be recorded as goodwill. The historical results of operations of ParagonEx will be presented as the results of operations of GFH following the closing date of the Transactions.

## QUESTIONS AND ANSWERS FOR ALL MICT STOCKHOLDERS

### ***Q. Why am I receiving this proxy statement/prospectus?***

You are receiving this proxy statement/prospectus in connection with the Special Meeting of MICT Stockholders. MICT is holding the Special Meeting of its stockholders to consider and vote upon the following three proposals.

A. **Your vote is important. You are encouraged to vote as soon as possible after carefully reviewing this proxy statement/prospectus.**

MICT's Stockholders are being asked to consider and vote upon the Proposals, including the Business Combination Proposal which entails the Business Combination pursuant to the Acquisition Agreement by and among MICT, BI China, BNN, BNN, ParagonEX and certain other parties thereto, and certain other the transactions contemplated by the Acquisition Agreement, including the acquisition of BI China and ParagonEx by GFH and the merger of MICT into Merger Sub, with MICT continuing as a surviving entity. Pursuant to the Acquisition Agreement, BI China and ParagonEx will become wholly-owned subsidiaries of GFH as described in more detail in this proxy statement/prospectus. We refer to this proposal as the **"Business Combination Proposal."** A copy of the Acquisition Agreement and certain other agreements to be entered into pursuant to the Acquisition Agreement are attached to this proxy statement/prospectus as Annex B and MICT encourages its stockholders to read it in its entirety. See the section entitled *"Proposal 1: The Business Combination Proposal"* and *"Summary of the Material Terms of the Proposals — The Business Combination Proposal."*

MICT's Stockholders are also being asked to approve the Golden Parachute Proposal which, on an advisory basis, provides for that certain "golden parachute" compensation to David Lucatz, Chief Executive Officer of MICT, in connection with the Business Combination. See the section entitled *"Proposal 2: The Golden Parachute Proposal"* and *"Summary of the Material Terms of the Proposals — The Golden Parachute Proposal."*

MICT's Stockholders are also being requested to consider and vote upon the Adjournment Proposal, which is a proposal to adjourn the Special Meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies if it is determined by MICT that more time is necessary or appropriate to consummate the Business Combination. See the section entitled *"Proposal 3: The Adjournment Proposal"* and *"Summary of the Material Terms of the Proposals — The Adjournment Proposal."*

### ***Q. What constitutes a quorum?***

A. The presence, in person or by proxy, of MICT Stockholders representing a majority of the total votes of the MICT Common Stock issued and outstanding on the Record Date and entitled to vote on the resolutions to be considered



at the Special Meeting will constitute a quorum for the Special Meeting.

***Q. What vote is required to approve each proposal at the Special Meeting?***

The affirmative vote of the holders of a majority of the voting power of the shares of MICT Common Stock entitled to vote on the Business Combination Proposal is required. The affirmative vote of a majority of the voting power of the votes cast at the Special Meeting is required for the Golden Parachute Proposal and the Adjournment Proposal.

A. In connection with execution of the Acquisition Agreement, DL Capital, representing an aggregate of 1,234,000 shares of MICT Common Stock has entered into a voting and support agreement to vote in favor of the Business Combination Proposal. In addition, BNN intends to vote its shares of MICT in favor of the Business Combination. As of the Record Date, there were \_\_\_\_\_ shares of MICT Common Stock outstanding.

***Q. Why is MICT proposing the Business Combination?***

The MICT Board believes that the combination of MICT, ParagonEx and BI China will create a company with a strong business-to business (“**B2B**”) technology platform and operational know how that will enable GFH to present a leading global multifaceted platform for trading in digital assets.

***Q. How will GFH pay for the acquisitions of MICT, BI China and ParagonEx?***

As described above, GFH will pay for the acquisitions of MICT, BI China and ParagonEx with the proceeds received from the private placement offering conducted by GFH in the aggregate amount of approximately \$23,500,000 of GFH Ordinary Shares. Such private placement is conditioned upon receipt of approval of the stockholders of MICT of the Transactions and satisfaction or waiver of the conditions to Closing set forth in Article XII of the Acquisition Agreement.

***Q. What equity stake will current MICT Stockholders hold in GFH immediately after the consummation of the Business Combination?***

Immediately following the consummation of the Business Combination, the current equityholders of MICT, including BNN, are expected to own approximately % of the outstanding GFH Ordinary Shares.

***Q. What conditions must be satisfied to complete the Business Combination?***

The Business Combination is subject to a number of conditions under the Acquisition Agreement, including, among others, (i) the approval by MICT Stockholders of the Business Combination Proposal included in this proxy statement/prospectus; and (ii) the declaration of effectiveness by the SEC of this proxy statement/prospectus.

***Q. When do you expect the Business Combination to be completed?***

It is currently expected that the Business Combination will be consummated on or before May 15, 2019. This date depends, among other things, on the approval of the Business Combination Proposal to be put to MICT Stockholders at the Special Meeting. However, such meeting could be adjourned if the Adjournment Proposal is adopted by our stockholders at the Special Meeting and MICT elects to adjourn the Special Meeting to a later date or dates to permit further solicitation and vote of proxies if, based upon the tabulated vote at the time of the Special Meeting, each of the condition precedent proposals have not been approved.

***Q. When and where will the Special Meeting be held?***

The Special Meeting will be held at \_\_\_\_ a.m. Eastern Time on \_\_\_\_\_, 2019 at the offices of Ellenoff  
A. Grossman & Schole LLP, at 1345 Avenue of the Americas, 11<sup>th</sup> Floor, New York, New York 10105. Only  
stockholders who held MICT common stock at the close of business on \_\_\_\_\_, 2019 will be entitled to vote at the  
Special Meeting and at any adjournments and postponements thereof.

***Q. Who is entitled to vote at the Special Meeting?***

MICT has fixed \_\_\_\_\_ as the record date. If you were a stockholder of MICT at the close of business on the record  
A. date, you are entitled to vote on matters that come before the Special Meeting. However, a stockholder may only  
vote his, her or its shares if he, she or it is present in person or is represented by proxy at the Special Meeting.

***Q. How do I vote?***

A: If you are a record owner of your shares, there are two ways to vote your MICT Shares at the Special Meeting:

You Can Vote By Signing and Returning the Enclosed Proxy Card. If you vote by proxy card, your “proxy,” whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card but do not give instructions on how to vote your shares, your shares will be voted as recommended by MICT’s Board “FOR” each of the Proposals. Votes received after a matter has been voted upon at the Special Meeting will not be counted.

You Can Attend the Special Meeting and Vote in Person. When you arrive, you will receive a ballot that you may use to cast your vote.

If your shares are held in “street name” or are in a margin or similar account, you should contact your broker to ensure that votes related to the shares you beneficially own are properly counted. If you wish to attend the meeting and vote in person and your shares are held in “street name,” you must obtain a legal proxy from your broker, bank or nominee. That is the only way MICT can be sure that the broker, bank or nominee has not already voted your shares.

***Q: What if I do not vote my MICT Shares or if I abstain from voting?***

As a condition to the completion of the Business Combination, the affirmative vote of the holders of a majority of the voting power of the shares of MICT Common Stock entitled to vote on the Business Combination Proposal is required. The affirmative vote of a majority of the voting power of the votes cast at the Special Meeting is required for the Golden Parachute Proposal and the Adjournment Proposal. With respect to the Golden Parachute Proposal and the Adjournment Proposal, abstentions will not be counted as votes properly cast for purposes of the Proposals. A: As a result, if you abstain from voting on the Proposals, your MICT Shares will be counted as present for purposes of establishing a quorum (if so present in accordance with the terms of the articles of incorporation), but the abstention will have no effect on the outcome of Golden Parachute Proposal and Adjournment Proposal. Similarly, broker non-votes will have no effect on the outcome of the Golden Parachute Proposal and Adjournment Proposal. Abstentions and broker non-votes will, however, have the same effect as voting against the Business Combination Proposal.

***Q: What proposals must be passed in order for the Business Combination to be completed?***

A: The Business Combination will not be completed unless the Business Combination Proposal is approved.

***Q: What is “golden parachute” compensation and why I am being asked to vote on it?***

A: The SEC has adopted rules that require MICT to seek an advisory (non-binding) vote on “golden parachute” compensation. “Golden parachute” compensation is compensation that is tied to or based on the Business Combination and that will or may be paid by MICT to its Chief Executive Officer in connection with the Business Combination.

***Q: How does the Board recommend that I vote on the Proposals?***

A: The Board unanimously recommends that you vote as follows:

“**FOR**” approval of the Business Combination Proposal;

“**FOR**” approval of the Golden Parachute Proposal; and

“**FOR**” approval of the Adjournment Proposal.

***Q: How many votes do I have?***

A: MICT Stockholders have one vote per each share of MICT Common Stock held by them on the Record Date on each proposal to be voted upon.

***Q: Will I have the same rights as a shareholder of GFH as I did in MICT?***

A. At the effective time of the Business Combination, you will become a shareholder of GFH, and as such, your rights under MICT's Delaware Certificate of Incorporation and Bylaws will be replaced by your rights under the BVI Memorandum and Articles of Association of GFH at which time your rights will cease to be governed by Delaware law and will be governed by BVI law.

***Q. What happens if the Business Combination is not consummated?***

A. Under the terms of the Acquisition Agreement, if the Business Combination is not consummated by May 15, 2019, each of MICT, BI China or ParagonEx may terminate the Acquisition Agreement. The Acquisition Agreement contains certain termination rights and fees for each of the MICT, BNN, BI China and ParagonEx, and further provides that, upon termination of the Acquisition Agreement under specified circumstances, MICT may be required to pay to BNN and ParagonEx a termination fee of \$900,000, and BNN and ParagonEx may be required to pay to MICT a base termination fee of \$1.8 million, which shall increase to \$3.0 million under certain specified circumstances. If the Acquisition Agreement is terminated, none of the Proposals will be implemented and you will continue to be a stockholder of MICT.

***Q. Do I have appraisal rights in connection with the Business Combination?***

A. In accordance with Section 262 of the Delaware General Corporation Law, MICT Stockholders do not have appraisal rights in connection with the Business Combination.

***Q. What are the U.S. federal income tax consequences of the Business Combination to me?***

A. It is intended that the Business Combination will qualify as a transaction described in Section 351 of the Code. Assuming this is the case, MICT Stockholders generally will not recognize gain or loss on the exchange of MICT shares for GFH Ordinary Shares and their tax basis in and holding periods for their MICT shares will generally carry over to GFH's Ordinary Shares. For a more complete discussion of the U.S. federal income tax consequences of the Business Combination, see the section entitled "*Proposal 1: The Business Combination Proposal — Material United States Federal Income Tax Considerations.*"

***Q. What do I need to do now?***

A. MICT urges you to read carefully and consider the information contained in this proxy statement/prospectus, including the annexes and to consider how the Business Combination will affect you as a stockholder of MICT. Stockholders should then vote as soon as possible in accordance with the instructions provided in this proxy

statement/prospectus and on the enclosed proxy card.

*Q. What happens if I sell my MICT shares before the Special Meeting?*

The Record Date for the Special Meeting is earlier than the date of the Special Meeting and earlier than the date that the Business Combination is expected to be completed. If you transfer your MICT shares after the applicable  
**A.** Record Date, but before the Special Meeting, unless you grant a proxy to the transferee, you will retain your right to vote at such Special Meeting.

*Q. May I change my vote after I have mailed my signed proxy card?*

Yes. Stockholders may send a later-dated, signed proxy card to MICT's secretary at the address set forth below so that it is received by MICT's secretary prior to the vote at the Special Meeting or attend the Special Meeting in person or by proxy and vote. Stockholders also may revoke their proxy by sending a notice of revocation to MICT's secretary, which must be received by MICT's secretary prior to the vote at the Special Meeting.

*Q. What happens if I fail to take any action with respect to the Special Meeting?*

Failure to take any action will be treated as a vote against the Business Combination. If you fail to take any action with respect to the Special Meeting and the Business Combination is approved by stockholders and the Business Combination is consummated, you will become a stockholder of GFH. If you fail to take any action with respect to the Special Meeting and the Business Combination is not approved, you will remain a stockholder of MICT.

*Q. What should I do if I receive more than one set of voting materials?*

MICT Stockholders may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast a vote with respect to all of your MICT shares.

*Q. Who can help answer my questions?*

A. If you have any questions about how to vote or direct a vote in respect of your MICT shares, you may contact:

Morrow Sodali LLP

470 West Avenue

Stamford, CT 06902

Tel: (800) 662-5200 or banks and brokers can call (203) 658-9400

Email: [MICT.info@morrowsodali.com](mailto:MICT.info@morrowsodali.com)



## OVERVIEW OF MICT'S BUSINESS

MICT, Inc. (formerly named Micronet Enertec Technologies, Inc.), is a U.S.-based Delaware corporation, formed on January 31, 2002. On March 14, 2013, it changed its name from Lapis Technologies, Inc. to Micronet Enertec Technologies, Inc. and on July 13, 2018, it changed its name from Micronet Enertec Technologies, Inc. to MICT, Inc.

MICT currently operates through its Israel-based partially owned subsidiary company, Micronet Ltd. (“**Micronet**”), in which it owns a controlling interest as of the date hereof. Micronet is a publicly traded company on the Tel Aviv Stock Exchange and operates in the growing commercial Mobile Resource Management (“**MRM**”) market.

Micronet through both its Israeli and U.S. operational offices designs, develops, manufactures and sells rugged mobile computing devices that provide fleet operators and field workforces with computing solutions in challenging work environments. Micronet's vehicle portable tablets increase workforce productivity and enhance corporate efficiency by offering computing power and communication capabilities that provide fleet operators with visibility into vehicle location, fuel usage, speed and mileage. Micronet's customers consist primarily of application service providers and solution providers specializing in the MRM market.

***Pursuant to the Acquisition Agreement, subject to and upon closing of the Business Combination, it is contemplated that MICT shall spin-off its holdings in Micronet to MICT's Stockholders who retain shares of MICT after the Offer.***

On December 31, 2017, MICT, Enertec Systems 2001 Ltd. (“**Enertec**”), previously MICT's wholly-owned subsidiary, and MICT Management Ltd. (then, Enertec Management Ltd.), entered into a Share Purchase Agreement (the “**Share Purchase Agreement**”), with Coolisys Technologies Inc. (“**Coolisys**”), a subsidiary of DPW Holdings, Inc. (“**DPW**”), pursuant to which MICT sold the entire share capital of Enertec to Coolisys.

On May 22, 2018, MICT closed on the sale of all of the outstanding equity of Enertec pursuant to the Share Purchase Agreement. As consideration for the sale of Enertec's entire share capital, Coolisys paid, at the Closing, a purchase price of \$4,772,521 following certain adjustments made in accordance with the provisions of the Share Purchase Agreement, and assumed \$4,288,439 of Enertec debt. In addition, an amount equal to 10% of such cash consideration remain under the Share Purchase Agreement in escrow for a period of up to 14 months after the Closing to satisfy certain potential indemnification claims such as claims related to breach of representations and warranties by MICT, as customary in such transactions. MICT believes the sale represents a strategic shift in its business. Accordingly, its results of operations in the statement of operations and prior periods' results have been reclassified as a discontinued operation. MICT's capital gain from the sale of Enertec, based on MICT's balance sheet at the closing date of the

Enertec sale, was approximately \$6,800.

## OVERVIEW OF BI CHINA'S BUSINESS

*All references to “BI China” or the “Group” mean Brookfield Interactive (Hong Kong) Limited, a company organized under the laws of Hong Kong, and its subsidiaries and contractually controlled entities. BI China was formed on June 25, 2018 in connection with the Business Combination in order to acquire assets related to the lottery, gaming and sports business in China from BNN Technology PLC. References to the business of BI China in this proxy statement/prospectus refer to the business of the assets acquired by BI China. All references to “Chinese renminbi”, “Yuan” or “RMB” are to the currency of the People’s Republic of China (“PRC” or “China”).*

### Overview

BI China is a Chinese group and a leader in China’s rapidly evolving \$65+ billion lottery market. Parts of the Group have been involved in and operating businesses in the Chinese lottery market for over 15 years and have developed deep relationships with some of China’s leading lottery centers, government agencies and portals.

The Group was positioned to achieve a leading role in China’s lottery market because of the versatile, robust and scalable B2B technology platforms and content it developed for the Chinese lottery, gaming and sports industries.

Since 2012, the Group has developed highly scalable B2B technology platforms for the lottery industry in China capable of processing millions of transactions a day. The Group’s B2B technology platforms were initially focused on the lottery market but have since expanded into new verticals (for more information see “*Description of the Business of BI China — BI China-B2B Platforms*”). Among such platforms, the Group has built and launched a B2C tele-draw lottery platform for the Shanghai and Guangxi Welfare lottery centers that allows mobile users to play digital games online through their mobile devices, call-center operator and SMS. The Group has also launched a B2B platform in Beijing that interfaces and processes transactions between lottery centers and the main Chinese portals such as Taobao (approximately 500 million active users and is owned by Alibaba), Tencent (approximately 1 billion active users), JD.com (approximately 300 million active users) and Netease (approximately 23 million active users). The Group also currently has a strategic joint venture with the Heilongjiang Sports Bureau, which is responsible for all sports lottery activities in Heilongjiang province of China. The Group believes this to be the only joint venture of its kind in China.

In addition to the Group’s B2B technology platform and content creation, the Group was a pioneer in the development of an earlier generation of Chinese self-service video lottery terminals (“**Self-Service Terminals**”) in 2011/2012, which it subsequently rolled out. Self-Service Terminals are a key component to the increase in Chinese lottery sales because they represent a solution to a problem that currently exists within the lottery industry in China: lottery players must claim their prizes in person at a lottery center. Currently, the Chinese lottery is under played by the middle classes

because they live and work in areas where lottery centers previously did not exist. Looking to address the middle classes and remedy the collection of lottery winnings from a physical lottery center, the Group has begun to introduce Self-Service Terminals in conveniently located locations such as shopping malls, fast food restaurants and retail stores near to areas where the middle classes live, work and frequent. Additionally the new generation of Self-Service Terminals are contemplated to be rolled out are expected to offer a much more seamless experience to lottery players than the prior generation, since all electronic methods of payments are accepted. A lottery player can place a bet on his/her mobile device and settle the payment by e-wallet, Ali-pay or We-chat. The player can then validate and cash any prize he/she receives through the terminal instead of through a lottery center. We believe this solution addresses a main barrier to increase lottery ticket sales in China: the need to validate and cash out prizes in person at lottery centers. The new generation of Self-Service Terminals can also be produced at a fraction of the cost of production of the earlier generation of terminals. With better functionality and lower cost of production, BI China believes the new generation of Self-Service Terminals will be one of the main drivers of growth for the lottery industry in the years to come.

The Group provides a one stop B2B technology solution for many of its lottery center clients, responsible for the operation of the lottery center websites, development and provision of cutting edge content, marketing and promotional activities as well as providing Self-Service Terminals. The Group's strategy is to become the premiere lottery solution provider in China, capable of offering a full range of products and solutions to its clients all aimed at increasing sales, driving user play, and enhancing the ability for lottery centers to target new revenue opportunities while operating in a highly evolving regulated legal environment.

The current pillars of the Group's strategy are to increase sales of lottery tickets and games by (i) the development of new lottery games and virtual games, particularly virtual sports high frequency lottery games and (ii) rolling out and promoting the use of Self-Service Terminals. High frequency games are played every few minutes and have a high percentage payout that is highly attractive to the lottery player. Self-Service Terminals are a key component to the increase in lottery sales because they will enable lottery players to claim their prizes at these terminals rather than in person at a lottery store/center.

The Group believes the new generation of Self-Service Terminals will become "AI lottery stores/centers" without operators and will eventually replace the old and high cost retail lottery stores/centers. Acting as a provider of the technology for this transformation, BI China believes it is well positioned to become a leader in this industry.

To achieve its strategy of developing new cutting edge content and games, the Group partnered with Kiron Interactive, a software company based in Johannesburg, South Africa, and the developer of "BetMan Online" to develop a new suite of virtual games. See "*Description of the Business of BI China — Content Development — Kiron Interactive Partnership*" for more information. BI China intends to become a major player in the provision of new games for the lottery industry in China.

The Group will continue to leverage its deep relationships with several lottery centers to implement its new strategy. The Group has provincial licenses with the following key provincial lottery centers in China:

- Welfare lottery centers located in Beijing, Shanghai, Guangxi, Tianjin, Zhejiang, Shandong, Chongqing and Jiangxi.

- Sports lottery centers are located in Heilongjiang, Zhejiang, Shandong, Gansu and Beijing.

While the lottery market is an anchor activity of the Group, the Group has identified additional business opportunities within China and in South East Asia that can utilize its versatile, robust and scalable B2B technology platform, including the following:

- futures/commodities trading, financial “Play for Fun” games and new virtual multi-platform mobile lottery games;

- utilize the Group’s trading platforms to enter other South East Asian markets via customers that will license the platform to address their own customer needs;

- development of new sports initiatives aimed at supporting all sales channels as well as contributing meaningfully to the Group’s earnings; and

- sports high frequency games.

BI China believes that regulatory changes expected to take place in the Chinese lottery, gaming and sports industry will create business opportunities to monetize in the future. The Group considers itself to be well positioned to take advantage of these opportunities by leveraging its robust B2B technology platforms in combination with its deep relationships within the Chinese market.

As of the date of this proxy statement/prospectus, BI China is a wholly-owned subsidiary of BNN and its operating activities are undertaken by its direct and indirect subsidiaries and affiliates. Prior to completion of the Business Combination, it is proposed that BI China will undertake a series of internal steps to (a) issue shares to key members of its management team pursuant to existing commitments in recognition of their past services and to incentivize their future performance, (b) issue shares to new investors in BI China who have agreed to subscribe for equity in BI China to help fund future growth opportunities for the combined business following completion of the Business Combination as identified by BI China management and (c) issue shares to key joint venture partners in PRC which have been identified by BI China management as adding future value to the combined business. As a result of these steps, BNN will hold 51.7% of BI China’s share capital as at completion, BI China management will hold 10.36%, external investors 34.44% and joint venture partners 3.5%. This reorganization will have no impact on the operational assets of BI China which will continue to be held by BI China.

## OVERVIEW OF PARAGONEX'S BUSINESS

### Overview

ParagonEx Ltd. ("**ParagonEx**") is a developer and global provider of software solutions and related services for online trading in contracts-for-difference ("**CFDs**"). A CFD is a contract between a buyer and a seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (or, if the difference is negative, that the buyer pay instead to the seller). In effect, CFDs are derivatives that allow traders to enter leveraged positions, both long and short, on practically all underlying financial instruments available in the global markets, such as shares, indices, commodities and currency pairs, without having to directly deal with the underlying assets themselves. CFDs most resemble futures and options, though with the advantage of (a) having no expiry date, so no time decay, (b) having small minimum contract sizes, allowing for a low entry threshold, (c) being traded on margin, thereby magnifying potential returns (as well as risks) through significant leveraging ratios, and (d) enabling the easy configuration of new instruments which are not restricted to exchange definitions or jurisdictional boundaries, thereby offering a very wide variety of underlying instruments for trading. Currently, trading in CFDs comprises a large portion of the total worldwide financial trading activity.

ParagonEx has invested around \$50 million since inception in research and development ("**R&D**") to build a proprietary, technologically-advanced and easily-configurable platform and user-interface that enables trading in CFDs over more than 500 different underlying global financial instruments comprising stocks, indices, commodities, cryptocurrencies, exchange-traded funds and foreign exchange ("**Forex**") pairs. ParagonEx refers to this platform and user-interface as ParagonEx Platform as a Service ("**PaaS**") offering. The PaaS offering allows trading in a seamless fashion and is specifically tailored for the layman trader and accessible through multiple channels, applications and operating systems. ParagonEx's PaaS offering is designed to service businesses in the online trading industry, particularly operators of consumer-facing CFD and Forex trading offerings, which it refers to as business-to-business (or "**B2B**") customers. Although ParagonEx's PaaS offering is geared to the CFD market, its architecture is in fact product agnostic and can be scaled into other verticals and sectors of digital products in a seamless manner.

The trading platform is supplemented by a full suite of front-end and back-office services and tools which equip ParagonEx's B2B customers with capabilities across the entire trading value chain, providing them with a turn-key solution complete with liquidity and risk management, compliance and fraud prevention, marketing, End User acquisition, conversion and retention, technical support, payment processing, live-news feed and various other components. As such, ParagonEx is a B2B company, and its B2B customers, in turn, use its platform to provide an online trading channel to their retail clients, which ParagonEx refers to as "End Users." ParagonEx receives trades transmitted by its B2B customers for execution on its platform and provides the liquidity necessary to execute the trades.

Paragonex generates most of its revenues by sharing in the net revenue that its B2B customers generate from their End Users' use of the PaaS offering, which net revenue is derived from fees or commissions which the B2B customers charge their End Users and which are calculated on the basis of their trading volume. On average, ParagonEx retains approximately 23% of the net trading fees charged to the End Users on all transactions executed on its platform, after deducting rebates owed to the B2B customer that generated the transactions. These 23% of the net trading fees charged by the B2B customers to their End Users for the PaaS offering account for about 40% of ParagonEx's total revenues, while the vast majority of the remaining 60% of ParagonEx's revenues are derived from support services provided to its B2B customers, that include a comprehensive suite of marketing, sales and other support services that are aimed to help its B2B customers attract new End Users, enhance End User experience and increase their life time value to the B2B customers. ParagonEx had revenues of \$62.1 million and \$31.9 million for the year ended December 31, 2017 and the six-month period ended June 30, 2018, respectively.



ParagonEx services B2B customers in four countries, and End Users in more than 144 countries access its trading platform. In terms of revenue generation, the Middle East and Europe (particularly Eastern Europe) are the main geographical locations of the End Users of ParagonEx's B2B customers, followed by Asia. ParagonEx does not currently conduct any business in the U.S. nor does it expect to enter the U.S. market.

ParagonEx conducts business from its offices in the Isle of Man and has subsidiaries located in the UK, Poland, Israel (Tel Aviv and Haifa), Belize, China and Ukraine.

ParagonEx's substantial investment in the development of its PaaS offering has led to the constant enhancement of the platform's efficiency, functionality, reliability and security. This enables ParagonEx to provide its B2B customers with improved End User acquisition capabilities as well as market and credit risk management associated with the trading activities of the End Users, while providing the End Users with advanced price discovery, trade execution and order management functions, among other things. Today, the End Users of ParagonEx's PaaS offering can trade through web-based and mobile trading platforms and have access to innovative trading tools to assist them with research, analysis and automated trading. ParagonEx further offers its B2B customers with compliance services relating to such customers' End Users, as required by the terms of the regulatory licenses under which such customers operate.

Through the PaaS offering, End Users trade CFDs and Forex pairs in which ParagonEx, through its beneficially-owned subsidiary PX Exchange, acts as the liquidity provider. These financial instruments are designed such that each party will pay to the other the difference between the value of an underlying asset upon settlement of the relevant contract or position at a specified time. In order to limit its exposure as a counterparty to the CFDs and Forex pairs offered by its B2B customers to their End Users, ParagonEx, through PX Exchange, centrally manages and internally offsets End User trades with each other. PX Exchange may then hedge the net balance of the trades by entering into back-to-back opposite transactions as principal in the wholesale market, if and to the extent that PX Exchange finds such discretionary hedging to be prudent based on its risk assessment in each case. PX Exchange acts as a market maker in connection with the transactions and positions entered into by the End Users and holds an appropriate license issued by the Belize International Financial Services Commission. For more information on the PX Exchange, see below under the section titled "*Description of the Business of ParagonEx — Corporate Information*".

As a global provider of online trading services, ParagonEx's results of operations are impacted by a number of external factors, including market volatility, competition, the regulatory environment in the various jurisdictions and markets in which its B2B customers operate and in which they offer their services, the financial condition of the B2B customers to whom it provides services, the financial condition of the End Users served by such B2B customers and the regulatory landscape applicable to them, and the availability of third party services necessary for the B2B customers to offer their services, such as payment processing. Furthermore, these factors are not the only factors that impact ParagonEx's results of operations, and additional factors may have a significant impact on its results of operations in future periods. Please refer to the section titled "*Risk Factors Related to ParagonEx*" for a discussion of other factors that may impact its business. Please refer to the section titled "*Description of the Business of ParagonEx*" for a complete description of the business of ParagonEx.



## OVERVIEW OF GFH'S BUSINESS

Global Fintech Holdings Ltd. (“**GFH**” or the “**Registrant**”), a company formed under the laws of the British Virgin Islands, will be the parent company of MICT, ParagonEx and BI China businesses.

### Overview

We believe the combination of MICT, ParagonEx and BI China will create a company with a strong B2B technology platform and operational know how that will enable GFH to present a leading global multifaceted platform for trading in digital assets. ParagonEx's and BI China's assets and technology are anticipated to be complimentary and it is intended that they will enable GFH to monetize BI China's opportunities within China as well as expedite the growth plan of ParagonEx. GFH believes it will be able to readily integrate ParagonEx's and BI China's technology platforms. It is intended that the combination of these entities will allow GFH to capitalize on ParagonEx's technology, and BI China's market relationships and technology via a public market platform with access to the capital markets to become a leading technology provider for the online lottery, sports content and other gaming verticals with a unique position in the Chinese market. The strengths and competencies of GFH are expected to include:

- a premier digital assets trading platform, also known as a PaaS offering, that is product-agnostic and can be scaled into many different verticals;

- access to the Chinese market through BI China to monetize the lottery, sports, gaming and other markets using GFH's technology solutions;

- access to capital through its Nasdaq listing; and

- the potential to capitalize on its access to the financial markets and take advantage of industry consolidation driven by regulatory changes by acquiring smaller companies with proven and sustainable free cash flow at attractive and accretive acquisition multiples.

By leveraging these characteristics, it is intended GFH will be able to monetize its technology and market relationships by combining ParagonEx's PaaS offering with the comprehensive knowledge and connections in the Chinese market that have been developed by BI China. BI China's credibility, developed over 15 years of operation with major provinces and government agencies, are expected to assist GFH in addressing the Chinese markets for its PaaS offering. GFH sees future growth being delivered by the combination and penetration of existing products and platforms into new and emerging markets while capitalizing on acquisition opportunities in a consolidating market.

Please refer to “*Risk Factors related to the Business Combination and the Combined Business*” for a discussion of other factors that may impact its business. Please refer to “*Description of the Business of GFH*” for a complete description of the business of GFH.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF MICT

The following selected historical consolidated financial and other data should be read together with MICT's consolidated financial statements and accompanying notes and the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of MICT*" herein. MICT's financial statements, and the data derived therefrom, included in this proxy statement/prospectus were prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and presented in U.S. dollars. MICT's U.S. GAAP historical financial statements and information are not comparable to ParagonEx's and BNN's IFRS historical financial statements and information or the pro forma financial information included in this proxy statement/prospectus.

The consolidated statements of operations data for the years ended December 31, 2017 and 2016 and the consolidated balance sheet data as of December 31, 2017 and 2016 are derived from MICT's audited consolidated financial statements appearing elsewhere herein. The consolidated statements of operations data for the nine months ended September 30, 2018 and 2017 and the consolidated balance sheet data as of September 30, 2018 are derived from MICT's unaudited interim consolidated financial statements appearing elsewhere herein. Balance sheet data for the period ended September 30, 2017 has been derived from management accounting information. MICT's unaudited interim consolidated financial statements were prepared on a basis consistent with its audited consolidated financial statements and include, in management's opinion, all adjustments, consisting only of normal recurring adjustments, that MICT considers necessary for a fair presentation of the financial information set forth in those statements included elsewhere in this proxy statement/prospectus. MICT's historical results are not necessarily indicative of the results that may be expected in any future period, and interim financial results are not necessarily indicative of the results that may be expected for the full year.

Balance Sheet Data (in thousands)	As of December 31,	
	2017	2016
Total assets	\$ 29,732	\$ 31,916
Total liabilities	\$ 23,758	\$ 20,958
Net assets	\$ 5,974	\$ 10,958
Share capital <sup>(a)</sup>	\$ 10,889	\$ 8,754
Number of ordinary shares	8,646	6,385

  

Balance Sheet Data (in thousands)	As of September 30,	
	2018	2017
	(Unaudited)	(Unaudited)
Total assets	\$ 14,723	\$ 32,935
Total liabilities	\$ 9,813	\$ 23,610
Net assets	\$ 4,910	\$ 9,325
Share capital <sup>(a)</sup>	\$ 11,875	\$ 10,135
Number of ordinary shares	9,342	7,706

(a) Comprised of common stock and additional paid – in capital

Statement of Operations Data (in thousands)	For the twelve months ended December 31,	
	2017	2016
Revenue	\$ 18,366	\$ 13,284
Net loss from continuing operations	\$ (5,060 )	\$ (6,262 )
Basic and diluted loss per common share from continuing operations	\$ (0.70 )	\$ (0.76 )
Statement of Operations Data (in thousands)	For the nine months ended September 30,	
	2018 (Unaudited)	2017 (Unaudited)
Revenue	\$ 12,897	\$ 11,937
Net loss from continuing operations	\$ (6,610 )	\$ (4,104 )
Basic and diluted loss per common share from continuing operations	\$ (0.54 )	\$ (0.37 )

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF BNN

The following selected historical consolidated financial in thousands pounds sterling and other data should be read together with BNN's consolidated financial statements and accompanying notes and the section entitled "*Operating and Financial Review and Prospects of BNN*" appearing elsewhere herein. BNN's consolidated financial statements, and the data derived therefrom, included in this proxy statement/prospectus were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). BNN's IFRS historical financial statements and information are not comparable to MICT's U.S. GAAP historical financial statements and information included in this proxy statement/prospectus. Furthermore, because BNN's consolidated financial statements and information are in pounds sterling and not in U.S. dollar, they are not directly comparable to the other financial statements and information included in this proxy statement/prospectus.

Although no longer in the development stage, the Company continues to be subject to risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals, successful development, marketing and branding of services, the ability to obtain adequate financing to support growth, and competition from larger companies with greater financial, technical, management and marketing resources.

The Group has incurred substantial and negative cash flows from operations in every fiscal period since inception. For the year ended December 31, 2017, the Group incurred a loss for the year of £31.9 million (2016: £22.0 million) and negative cash flows from operations of £23.5 million (2016: £16.8 million). As of December 31, 2017, the Group had an accumulated deficit of £79.6 million (2016: £48.7 million).

During 2018, the management team presented short-term and medium-term plans which included the reduction in the previous heavy cost of technology investment; a refocus of the business on its significant core strengths; and, and a strategy to grow revenue streams more quickly at higher margins and on a lower cost base.

The new short-term strategy to increase shareholder value and significantly improve the return on capital employed focused on the following key areas:

- Concentrating on the Group's core lottery business; particularly in relation to developing revenue opportunities based on the Group's leading-edge technology and content provision in the sector, the key benefits of which are beginning to crystallize in the second half of 2018.



Headcount has been reduced in the Chinese operation from 400 to 120 in 2018, and the benefits of this and other cost reduction measures are becoming evident in the second half of 2018 and will fully crystallize by Q4 2018.

As well as reducing the cost base of operations in China, the Board has also terminated the Company's funding of non-core activities and entities in China. The level of operating cash flows from discontinued operations were £4,221 thousand in 2017 and £7,258 thousand in 2016.

Identify acquisition targets that could meet the Group's current and anticipated data technology requirements and therefore accelerate its growth and expansion, on December 18, 2018 the Group entered into a conditional agreement to enter into a business combination with MICT Inc. and ParagonEx Limited, which upon completion management believes will substantially improve the financial health of the business.

As part of the transaction the board have had discussions with the holders of the £6.0 million convertible notes who have agreed to defer the repayment of the notes to January 14, 2021. It is a condition of such deferral that on completion of the corporate transaction, the Group will novate the convertible notes to the acquiring company.

On October 23, 2018, BNN Technology plc. repaid the Everbright bank loan plus interest of £7.6 million. As a result, restricted cash balance of £7.6 million which was held as a security by Everbright bank in Hong Kong has been released.

The Board has significantly reduced the UK cost base in the second half of financial year 2018 by reducing head-count and controlling the cost base. This includes exiting leases for serviced offices where possible. No cancellation fees were payable and no dilapidation costs were incurred.

Management believes that significant progress has been made during 2018 and 2019 given the savings made after the year end through the initiatives detailed above. The Company, however, continues to face significant risks associated with successful execution of its strategy. These risks include, but are not limited to technology and development, Chinese lottery regulations and market acceptance of new services, changes in the marketplace, liquidity, competition from existing and new competitors which may enter the marketplace and retention of key personnel.

The Company may need additional funds for promoting new services and working capital required to support increased sales.

There can be no assurance, however, that such financing would be available when needed, if at all, or on favorable terms and conditions. If results of operations for 2018 and 2019 do not meet management's expectations, or additional capital is not available, or management are unable to close the proposed transaction successfully, then management believes it has the ability to continue to reduce certain expenditures.

The precise amount and timing of the funding needs cannot be determined accurately at this time, and will depend on a number of factors, including the market demand for the Company's services, the quality of development efforts, management of working capital, and continuation of normal payment terms and conditions for purchase of services. The Company is uncertain whether its cash balances and cash flow from operations will be sufficient to fund its operations for the next twelve months from the date of approval of these financial statements. If the Company is unable to substantially increase revenues, reduce expenditures, or otherwise generate cash flows for operations, then the Company will need to raise additional funding to continue as a going concern.

The Board of Directors have concluded that the Company should restate its historical financial statements in respect of the fiscal year 2016 (collectively, the "Restatement Period"). The directors have assessed the accounting policies as well as the presentation and accounting for certain transactions in the financial statements and has concluded that it was necessary to restate previously issued financial statements for the correction of errors and certain other reclassifications in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, as well as relating to discontinued operations that occurred in 2017 and 2018.

The 2016 financial statements, including opening balances, are therefore being restated for the correction of the following errors:

Hangzhou consolidation

Payroll Taxes provision

Xinhua accrual

Director Bonus

Input sales tax provision

Settlement of Contingent Consideration

In addition, the Company during 2017 evaluated the Xinhau News Mobile App and related business channels and concluded that the business line no longer coincided with the strategic direction of the Company, and terminated all contracts with Xinhau, which has been deemed by management to be a discontinued operation. Such comparative amounts for financial year 2016 have therefore also been reclassified to disclose such amounts in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

In addition, during the first six-months of 2018 the Company disposed of its interest in three entities:

- A. Beijing Hulian YiCai Technology Development Co., Limited
- B. Hulian Xincai Information Technology Co. Ltd.
- C. Hulian Xincai Hangzhou Sport Culture Communication Ltd.

From April 4, 2018 the Group's proportion of ownership interest held and voting power held in all above companies is 0%.

These were deemed to meet the definition of discontinued operations under IFRS 5 as they all were separate major line of business and operated within their own geographical area.

As these special purpose financial statements are being included in a filing with the United States Securities and Exchange Commission, retrospective reclassification of all prior periods to be reported in the filing is required to reflect the impact of the results of the component as discontinued operations, which is also being disclosed in the separately presented interim financial statements as of June 30, 2018 in the filing.

In addition to the above, the Company has chosen to reclassify certain expenses from administrative expenses to research and development expenses and sales and marketing expenses to better represent certain costs on the income statement. For the year ended December 31, 2017, this has led to the inclusion of research and development expense of £1,358 thousand (2016: £608 thousand) and sales and marketing expenses of £1,553 thousand (2016: £348 thousand) with no impact on previously reported operating loss, loss for the year, financial positions or cash flows.

The restatements and reclassifications are presented and described in further detail in Note 5 to the consolidated financial statements.

The consolidated income statement for the years ended December 31, 2017 and 2016 and the consolidated balance sheet data as of December 31, 2017 and 2016 are derived from BNN's audited consolidated financial statements appearing elsewhere herein. The consolidated income statement data for the six months ended June 30, 2018 and 2017 and the consolidated balance sheet data as of June 30, 2018 are derived from BNN's unaudited interim condensed consolidated financial statements appearing elsewhere herein. Balance sheet data as of June 30, 2017 has been derived from internal management accounting information. BNN's unaudited interim condensed consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and include, in management's opinion, all adjustments, consisting only of normal recurring adjustments, that BNN considers necessary for a fair presentation of the financial information set forth in those statements included elsewhere in this proxy statement/prospectus. BNN's historical results are not necessarily indicative of the results that may be expected in any future period, and interim financial results are not necessarily indicative of the results that may be expected for a full year.

	As of December 31,	
Balance Sheet Data (in thousands)	2017	2016

Total assets	£50,741	£ 64,183
Total liabilities	£19,457	£ 27,075
Net assets	£31,284	£ 37,108
Share capital	£23,861	£ 20,527
Number of ordinary shares	238,613	205,273

	As of June 30,	
Balance Sheet Data (in thousands)	2018	2017
	(Unaudited)	(Unaudited)
Total assets	£33,836	£ 76,898
Total liabilities	£14,535	£ 29,425
Net assets	£19,301	£ 47,473
Share capital	£23,861	£ 23,861
Number of ordinary shares	238,613	238,613

	For the twelve months ended December 31,	
Statement of Operations (in thousands)	2017	2016
Revenue	£ 7,137	£ 2,164
Net (loss) for the year	£ (31,905 )	£ (22,020 )

	For the six months ended June 30,	
Statement of Operations (in thousands)	2018	2017
	(Unaudited)	(Unaudited)
Revenue	£ 3,278	£ 4,262
Net (loss) for the period	£ (13,373 )	£ (15,648 )

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF PARAGONEX

The following selected historical consolidated financial and other data should be read together with ParagonEx's consolidated financial statements and accompanying notes and the section entitled "*Operating and Financial Review and Prospects of ParagonEx Ltd.*" appearing elsewhere herein. ParagonEx's financial statements included in this proxy statement/prospectus were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and presented in U.S. dollars. ParagonEx's IFRS as issued by the IASB historical financial statements are not comparable to MICT's U.S. GAAP historical financial statements included in this proxy statement/prospectus.

The selected statement of comprehensive income data for the years ended December 31, 2017 and 2016 and the selected consolidated statement of financial position data as of December 31, 2017 and 2016 are derived from ParagonEx's audited consolidated financial statements appearing elsewhere herein. The selected statement of comprehensive income data for the six months ended June 30, 2018 and 2017 and the selected statement of financial position data as of June 30, 2018 are derived from ParagonEx's unaudited interim consolidated financial statements appearing elsewhere herein, and the selected statement of financial position data as of June 30, 2017 has been derived from ParagonEx's accounting records.

ParagonEx's financial data presented as of and for June 30, 2018 and 2017 were prepared on a basis consistent with its audited consolidated financial statements and include, in management's opinion, all adjustments, consisting only of normal recurring adjustments, that ParagonEx considers necessary for a fair presentation of the financial information set forth in those statements included elsewhere in this proxy statement/prospectus. ParagonEx's historical results are not necessarily indicative of the results that may be expected in any future period, and interim financial results are not necessarily indicative of the results that may be expected for the full year. The profit per share data is calculated based on net profit divided by the number of ordinary shares listed on the statement of financial position. The diluted profit per share data is calculated based on net profit divided by the number of ordinary shares as for basic profit (loss) per share, adjusted for the dilutive impact of share options and warrants in issue at the statement of financial position sheet date.

Balance Sheet Data (in thousands, other than number of shares)	As of December 31,	
	2017	2016
Total assets	\$ 39,479	\$ 35,310
Total liabilities	\$ 8,836	\$ 11,292
Net assets	\$ 30,643	\$ 24,018
Share capital	\$ 4,505	\$ 4,446
Number of ordinary shares	44,047	43,534

As of June 30,

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Balance Sheet Data (in thousands, other than number of shares)	2018	2017
Total assets	\$43,719	\$42,101
Total liabilities	\$5,153	\$11,641
Net assets	\$38,566	\$30,460
Share capital	\$4,505	\$4,493
Number of ordinary shares	44,132	43,914

Statement of Operations (in thousands, other than per share data)	For the twelve months ended December 31,	
	2017	2016
Revenue	\$ 62,130	\$ 69,507
Net profit for the period	\$ 18,321	\$ 15,971
Basic profit per share	\$ 415.94	\$ 366.86
Diluted profit per share	\$ 396.91	\$ 347.22

Statement of Operations (in thousands, other than per share data)	For the six months ended June 30,	
	2018	2017
Revenue	\$ 31,950	\$ 33,479
Net profit for the period	\$ 8,342	\$ 12,129
Basic profit per share	\$ 189.02	\$ 276.20
Diluted profit per share	\$ 179.10	\$ 263.52



UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

**ParagonEx Limited**

The unaudited pro forma condensed combined balance sheet as of June 30, 2018 and the unaudited pro forma condensed combined statements of operations for each of the six months ended June 30, 2018 and for the year ended December 31, 2017 combine the financial statements of, ParagonEx Limited (“**PGX**”), BNN Technology Plc (“**BNN**”) and MICT, Inc. (“**MICT**”), giving effect to the Transactions described in the Acquisition Agreement, as if they had occurred on January 1, 2017 in respect of the unaudited pro forma condensed combined statements of operations and on June 30, 2018 in respect of the unaudited pro forma condensed combined balance sheet. Global FinTech Holdings Ltd. (“**GFH**”) was formed subsequent to June 30, 2018 and its subsequent share offering is presented as a pro forma adjustment to the pro forma balance sheet.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

PGX’s consolidated financial statements as well as the related “*Operating and Financial Review and Prospects of ParagonEx LTD*” contained elsewhere herein;

BNN’s consolidated financial statements, as well as the related “*Operating and Financial Review and Prospects of BNN Technology Plc.*” contained elsewhere herein;

MICT’s consolidated financial statements, as well as the related “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” contained elsewhere herein; and

the other information contained in or incorporated by reference into this proxy statement/prospectus.

The consolidated financial statements of PGX and BNN were prepared in accordance with IFRS as issued by the IASB. The consolidated financial statements of MICT were prepared in accordance with U.S. GAAP. The unaudited pro forma condensed combined financial information includes adjustments to convert the financial information of MICT from U.S. GAAP to IFRS as issued by the IASB, as well as reclassifications to conform MICT’s historical accounting presentation to PGX’s accounting presentation.

In addition, the consolidated financial statements of PGX and MICT are presented in US dollars (“**USD**”) whereas, the consolidated financial statements of BNN are presented in British pounds (“**GBP**”). Therefore the unaudited pro forma condensed combined financial information includes adjustments to convert BNN’s financial information from GBP to USD.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with IFRS 3, Business Combinations, which requires that one company is designated as the acquirer for accounting purposes. While GFH is the legal acquirer, PGX is the accounting acquirer. Accordingly, the assets acquired, and liabilities assumed of Brookfield Interactive (Hong Kong) Limited (“**BI China**”), the subsidiary of BNN being acquired, are recorded based on preliminary estimates of fair value, using fair value concepts defined in IFRS 13, Fair Value Measurement. Any excess of the purchase price over the fair value of identified assets acquired and liabilities assumed is recognized as goodwill.

The final purchase consideration and the allocation of the purchase consideration may materially differ from that reflected in the unaudited pro forma condensed combined financial information after final valuation procedures are performed and amounts are finalized following the completion of the acquisition.

The unaudited pro forma adjustments give effect to events that are directly attributable to the Transactions and are based on available data and certain assumptions that management believes are factually supportable. In addition, with respect to the unaudited pro forma condensed combined statement of operations, the unaudited pro forma adjustments are expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and to aid you in your analysis of the financial aspects of the Transactions described in the Acquisition Agreement. The unaudited pro forma condensed combined financial information described above has been derived from the historical financial statements of PGX, BNN and MICT and the related notes included elsewhere in this proxy statement/prospectus. The unaudited pro forma condensed combined financial information is based on PGX's accounting policies. Further review may identify additional differences between the accounting policies of PGX, BNN and MICT. The unaudited pro forma adjustments and the unaudited pro forma condensed combined financial information don't reflect the impact of synergies or post-transaction management actions and are not necessarily indicative of the financial position or results of operations that may have actually occurred had the Transaction taken place on the dates noted, or of PGX's future financial position or operating results.

**ParagonEx Limited****Unaudited Pro Forma Condensed Combined Balance Sheet****June 30, 2018****(USD 000's)**

	Pro Forma Adjustments										
	PGX (IFRS)	BNN (IFRS)	MICT (IFRS)	GFH Share Offering	BNN Tender Offer for MICT Shares	PGX Excluded Entity	BNN Related Adjustments	MICT Spin-Off and Other	PGX Share Exchange	BI China Share Exchange	M SH Ex
	Note A	Note B	Note C	Note D	Note E	Note F	Note G	Note H	Note I	Note J	No
<b>Assets</b>											
Current assets:											
Cash and cash equivalents	\$7,131	\$12,792	\$3,898	\$23,500	\$(3,165)	\$(44 )	\$-	\$(3,898 )	\$(25,000)	\$-	\$-
Current income tax assets	246	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	24,665	2,180	4,464	-	-	(128)	-	(4,464 )	-	-	-
Restricted cash	-	10,034	564	-	-	-	(10,034)	(564 )	-	-	-
Inventories	-	411	4,800	-	-	-	-	(4,800 )	-	-	-
Total current assets	32,042	25,417	13,726	23,500	(3,165)	(172)	(10,034)	(13,726)	(25,000)	-	-
Non-current assets:											
Property and equipment	3,469	568	1,060	-	-	(17 )	-	(1,060 )	-	-	-
Intangible assets	7,524	459	875	-	-	-	-	(875 )	-	11,558	-
Long-term deposits	351	-	36	-	-	-	-	(36 )	-	-	-
Goodwill	-	5,397	1,466	-	-	-	-	(1,466 )	-	66,992	-
Investment in MICT	-	2,790	-	-	3,165	-	-	-	-	(5,955 )	-
	-	10,045	-	-	-	-	-	-	-	-	-

Investments in associates												
Restricted cash - escrow	-	-	477	-	-	-	-	-	-	-	-	-
Deferred tax assets	333	-	515	-	-	-	-	(515 )	-	-	-	-
Total non-current assets	11,677	19,259	4,429	-	3,165	(17 )	-	(3,952 )	-	72,595	-	-
Total assets	\$43,719	\$44,676	\$18,155	\$23,500	\$-	\$(189)	\$(10,034)	\$(17,678)	\$(25,000)	\$72,595	\$-	\$-
<b>Liabilities and shareholders' equity</b>												
Current liabilities:												
Accounts payable	\$4,378	\$2,469	\$4,187	\$-	\$-	\$(175)	\$-	\$(4,187 )	\$-	\$-	\$-	\$-
Short-term debt	-	16,724	2,585	-	-	-	(16,724)	(1,548 )	-	-	-	-
Short-term loans payable	-	-	-	-	-	-	-	-	5,000	-	-	-
Other current liabilities	95	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	4,473	19,193	6,772	-	-	(175)	(16,724)	(5,735 )	5,000	-	-	-
Non-current liabilities:												
Non-current loans	-	-	2,636	-	-	-	-	(1,286 )	-	-	-	(
Deferred tax liability	-	-	-	-	-	-	-	-	-	3,004	-	-
Long-term notes payable	-	-	-	-	-	-	6,574	-	5,000	-	-	-
Other long-term liabilities	679	-	717	-	-	-	-	(240 )	-	-	-	-
Total non-current liabilities	679	-	3,353	-	-	-	6,574	(1,526 )	5,000	3,004	(	(
Total liabilities	5,152	19,193	10,125	-	-	(175)	(10,150)	(7,261 )	10,000	3,004	(	(
Shareholders' equity:												
Ordinary share capital	1	31,503	9	15	-	-	-	-	87	(31,445 )	1	1

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Share premium	5,595	115,037	11,301	23,485	-	-	1,618	(5,375 )	(35,062)	(21,523 )	(
Treasury stock	(32 )	-	-	-	-	-	-	-	32	-	-
Retained earnings (accumulated deficit)	32,946	(120,867)	(7,544 )	-	-	(14 )	(1,502)	-	-	122,369	7
Accumulated other comprehensive loss	-	-	(504 )	-	-	-	-	-	-	-	5
Reserve accounts	57	(293 )	(274)	-	-	-	-	-	(57 )	293	2
Non-controlling interests	-	103	5,042	-	-	-	-	(5,042 )	-	(103 )	-
Total shareholders' equity	38,567	25,483	8,030	23,500	-	(14 )	116	(10,417)	(35,000)	69,591	1
Total liabilities and shareholders' equity	\$43,719	\$44,676	\$18,155	\$23,500	\$-	\$(189)	\$(10,034)	\$(17,678)	\$(25,000)	\$72,595	\$-

See notes to the unaudited pro forma condensed combined financial information

**ParagonEx Limited****Unaudited Pro Forma Condensed Combined Statement of Operations****For the Six Months Ended June 30, 2018****(USD 000's except for shares and per share amounts)**

	Pro Forma Adjustments									
	PGX (IFRS)	BNN (IFRS)	MICT (IFRS)	PGX Exclude Entity	BNN Related Adjustments	MICT Spin-Off	PGX Share Exchange	BI China Share Exchange	Eliminate Merger Expense	Pro Forma Combined
	Note A	Note B	Note C	Note D	Note E	Note F	Note G	Note H	Note I	Note J
Revenue										
Revenues	\$31,950	\$4,510	\$10,681	\$(171)	\$-	\$(10,681)	\$-	\$-	\$-	\$36,289
Cost of revenue	-	(3,346 )	(7,588 )	-	-	7,588	-	-	-	(3,346 )
Gross profit	31,950	1,164	3,093	(171)	-	(3,093 )	-	-	-	32,943
Operating expenses	(22,798)	(13,150)	(4,679 )	165	-	4,679	-	(979)	1,589	(35,173 )
Operating profit (loss)	9,152	(11,986)	(1,586 )	(6 )	-	1,586	-	(979)	1,589	(2,230 )
Share of results of associates	-	(135 )	-	-	-	-	-	-	-	(135 )
Finance income (costs), net	(270 )	(471 )	(852 )	(20 )	(405 )	815	(500)	-	-	(1,703 )
Profit (loss) before taxes	8,882	(12,592)	(2,438 )	(26 )	(405 )	2,401	(500)	(979)	1,589	(4,068 )
Income tax (provision) benefit	(541 )	-	(4 )	4	-	4	-	245	-	(292 )
Net income (loss) from continuing operations	\$8,341	\$(12,592)	\$(2,442 )	\$(22 )	\$(405 )	\$2,405	\$(500)	\$(734)	\$1,589	\$(4,360 )
Earnings (loss) per share from continuing operations:										
Basic-	\$189.02									\$(0.03 )

[illegible]

See notes to the unaudited pro forma condensed combined financial information



**ParagonEx Limited****Unaudited Pro Forma Condensed Combined Statement of Operations****For The Year Ended December 31, 2017****(USD 000's except for shares and per share amounts)**

	Pro Forma Adjustments								
	PGX (IFRS)	BNN (IFRS)	MICT (IFRS)	PGX Exclude Entity	BNN Related Adjustments	MICT Spin-Off	PGX Share Exchange	BI China Share Exchange	Pro Forma Combined
	Note A	Note B	Note C	Note D	Note E	Note F	Note G	Note H	Note I
Revenue									
Revenues	\$62,130	9,196	\$18,366	\$(511)	\$-	\$(18,366)	\$-	\$-	\$70,815
Cost of revenue	-	(6,896 )	(14,441 )	-	-	14,441	-	-	(6,896 )
Gross profit	62,130	2,300	3,925	(511)	-	(3,925 )	-	-	63,919
Operating expenses	(43,664)	(30,066)	(8,524 )	485	-	8,524	-	(1,958 )	(75,203 )
Operating profit (loss)	18,466	(27,766)	(4,599 )	(26 )	-	4,599	-	(1,958 )	(11,284 )
Share of results of associates	-	(451 )	-	-	-	-	-	-	(451 )
Finance income (costs), net	33	(3,136 )	(401 )	30	(809 )	327	(1,000 )	-	(4,956 )
Profit (loss) before taxes	18,499	(31,353)	(5,000 )	4	(809 )	4,926	(1,000 )	(1,958 )	(16,691 )
Income tax (provision) benefit	(178 )	-	10	10	-	(10 )	-	490	322
Net income (loss) from continuing operations	\$18,321	\$(31,353)	\$(4,990 )	\$14	\$(809 )	\$4,916	\$(1,000 )	\$(1,468 )	\$(16,369 )
Earnings (loss) per share from continuing operations									
Basic-	\$415.94								\$(0.10 )

[illegible]

See notes to the unaudited pro forma condensed combined financial information

**ParagonEx Limited**

**Notes to Unaudited Pro Forma Condensed Combined Financial Information**

*(USD and shares in 000's except for per share amounts)*

***Basis of Presentation***

The unaudited pro forma condensed combined financial information set forth herein is based upon the consolidated financial statements of PGX, BNN and MICT. The unaudited pro forma condensed combined financial information is presented as if the Transactions had been completed on January 1, 2017 with respect to the unaudited pro forma condensed combined statement of operations for each of the six months ended June 30, 2018 and for the year ended December 31, 2017 and on June 30, 2018 in respect of the unaudited pro forma condensed combined balance sheet.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations had the Transactions occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the completion of the Transactions.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with IFRS 3, Business Combinations, which requires that one company is designated as the acquirer for accounting purposes. While GFH is the legal acquirer, PGX is the accounting acquirer. Accordingly, the assets acquired and liabilities assumed of Brookfield Interactive (Hong Kong) Limited ("BI China"), the subsidiary of BNN being acquired, are recorded based on preliminary estimates of fair value, using fair value concepts defined in IFRS 13, Fair Value Measurement. Any excess of the purchase price over the fair value of identified assets acquired and liabilities assumed is recognized as goodwill.

PGX's consolidated financial information was prepared in accordance with IFRS as issued by the IASB and is presented in US dollars ("USD"). Any entity historically presented otherwise has been converted for the purpose of this unaudited pro forma condensed consolidated financial information.

Pro forma adjustments reflected in the unaudited pro forma condensed combined balance sheet are based on items that are factually supportable and directly attributable to the Transactions. Pro forma adjustments reflected in the pro forma condensed combined statement of operations are based on items that are factually supportable, directly attributable to the Transactions and expected to have a continuing impact on the combined results. The unaudited pro

forma condensed combined financial information does not reflect the cost of any integration activities or benefits from the Transactions, including potential synergies that may be generated in future periods.

The unaudited pro forma condensed combined financial information does not reflect any pro forma adjustments for the Golden Parachute Proposal as described in this proxy statement/prospectus as the financial impact is not material.

*All Monetary Amounts Other Than Per Share Information Are Presented in 000's Unless Otherwise Indicated*

### **Pro Forma Adjustments**

The following pro forma adjustments give effect to the Transactions.

### ***Unaudited Pro Forma Condensed Combined Balance Sheet – As of June 30, 2018***

Derived from the unaudited condensed consolidated financial statements of PGX as of June 30, 2018 included Note elsewhere in this proxy statement/prospectus. The table below presents a reconciliation between the impacted A line items within the historical financial statements and the unaudited pro forma condensed combined financial information, showing a condensed presentation.

**Reserves:**

(000's) USD

	June 30, 2018
	PGX
Currency translation reserve	\$ (25 )
Other reserves	82
Reserve accounts	\$ 57

Note B Derived from the unaudited interim condensed consolidated financial statements of BNN as of June 30, 2018 included elsewhere in this proxy statement/prospectus and translated from British pounds ("GBP") to USD. The indicated exchange rate used to translate GBP to USD at June 30, 2018 was the rate of 1.32 as set out in the table below.

**GBP to USD Translation:**

	BNN (£000)	EXCHANGE RATE 1.3203	BNN (\$000)
Assets			
Current assets:			
Cash and cash equivalents	9,689		12,792
Trade and other receivables	1,650		2,180
Restricted cash	7,600		10,034
Inventories	311		411
Total current assets	19,250		25,417
Non-current assets:			
Property and equipment	430		568
Intangible assets	348		459
Goodwill	4,087		5,397
Investment in MICT	2,112		2,790
Investments in associates	7,609		10,045
Total non-current assets	14,586		19,259
Total assets	33,836		44,676

## Liabilities and shareholders' equity

## Current liabilities:

Accounts payable	1,869	2,469
Short-term debt	12,666	16,724

Total current liabilities	14,535	19,193
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Total liabilities	14,535	19,193
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## Shareholders' equity:

Ordinary share capital	23,861	31,503
Share premium	87,130	115,037
Accumulated deficit	(91,546)	(120,867)
Reserve accounts	(222 )	(293 )
Non-controlling interests	78	103

Total shareholders' equity	19,301	25,483
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Total liabilities and shareholders' equity	33,836	44,676
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Note C Derived from the unaudited interim condensed consolidated financial statements of MICT, Inc. as of June 30, 2018, prepared in accordance with US GAAP and adjusted to conform with IFRS, as issued by the IASB. The table below provides a reconciliation between the historical financial statements and the unaudited pro forma condensed combined financial information.

**US GAAP to IFRS Adjustments:**

	<b>MICT</b>	<b>IFRS</b>		<b>MICT</b>
	<b>(US GAAP)</b>	<b>Adjustments</b>		<b>(IFRS)</b>
	<b>(\$000)</b>			<b>(\$000)</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	3,898	-		3,898
Trade and other receivables	4,464	-		4,464
Restricted cash	564	-		564
Inventories	4,800	-		4,800
Total current assets	13,726	-		13,726
Non-current assets:				
Property and equipment	870	190	(a)	1,060
Intangible assets	1,065	(190)	(a)	875
Long-term deposits	36	-		36
Goodwill	1,466	-		1,466
Restricted cash - escrow	477	-		477
Deferred tax assets	515	-		515
Total non-current assets	4,429	-		4,429
Total assets	18,155	-		18,155
<b>Liabilities and shareholders' equity</b>				
Current liabilities:				
Accounts payable	3,985	202	(c)	4,187
Short-term debt	2,585	-		2,585
Total current liabilities	6,570	202		6,772
Non-current liabilities:				
Non-current loans	2,636	-		2,636

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Other long-term liabilities	602	115	(b)(c) 717
Total non-current liabilities	3,238	115	3,353
Total liabilities	9,808	317	10,125
Shareholders' equity:			
Ordinary share capital	9	-	9
Share premium	11,301	-	11,301
Accumulated deficit	(7,501 )	(43 )	(7,544 )
Accumulated other comprehensive loss	(504 )	-	(504 )
Reserve accounts	-	(274 )	(274 )
Non-controlling interests	5,042	-	5,042
Total shareholders' equity	8,347	(317 )	8,030
Total liabilities and shareholders' equity	18,155	-	18,155



- a) Prepaid lease expense of \$190 under US GAAP was reclassified from intangible assets to property and equipment as this prepaid lease qualified as a finance lease under IFRS as issued by the IASB.

- In MICT's financial statements, there is a \$125 liability balance related to severance pay. Under U.S. GAAP, MICT initially measured the liability using the lump sum payments and the present value of all future expected payments. b) However, when converting to IFRS, the company is required to apply an actuarial valuation method when measuring the liability pursuant to IAS 19. Management recorded an additional \$90 (included within other long-term liabilities) as of June 30, 2018 related to the revaluation of this liability.

- MICT receives various government grants. These grants contain clauses that state that the company must remit royalties based on a certain percentage of product sales generated from the grant funded projects. Under U.S. GAAP reporting requirements, royalty expenses on product sales are recognized and accrued for in the period the sale is made. When transitioning from U.S. GAAP to IFRS, these clauses qualify as provisions under IAS 20, whereby a c) provision is defined as a "liability of uncertain timing or amount". Provisions differ from other liabilities in the degree of certainty about the amount or the timing of the payment. Accordingly, there is a distinction between provisions and other liabilities such as trade payables and accruals. Pursuant to IAS 20, management has recorded an increase to liabilities of \$227 (\$202 included within other accounts payable and \$25 included within other long-term liabilities) as of June 30, 2018.

*Pro Forma Adjustments:*

- Note D To record the approximately \$23,500 of investor deposits received from the share offering in exchange for 14,203,636 shares of common stock in GFH at a price per share of \$1.65. This share offering will close at the time of acquisition. This offering is for up to \$25,000; however, the current pro-forma is limited to deposits received as of the date of this filing. While management estimates that the aggregate placement agent compensation could be up to approximately \$1,500 of cash (to be paid by BNN), plus warrants to purchase 1,100,000 GFH ordinary shares at an exercise price of \$1.65 per share, this compensation isn't reflected in the unaudited pro forma condensed combined financial information because no final arrangement is in place as of the date of this filing, therefore such compensation isn't factually supportable.

- Note E To record the purchase of up to 20% of MICT's outstanding shares via tender offer by BNN (1,918,423 pre-merger shares times \$1.65 per share) that will be exchanged for 1,784,133 shares in GFH at the time of the merger.

- Note F To exclude one PGX subsidiary not included in the acquisition pursuant to the Acquisition Agreement, which will be sold for nominal consideration prior to the closing of the Transactions.

- Note G Subsequent to June 30, 2018, BNN repaid \$8,532 of short-term debt and \$1,502 of interest which resulted in the release \$10,034 of restricted cash. Convertible notes (short-term debt) of \$8,192 were reclassified to

long-term notes payable due to BNN management's commitment to issue 15,410 ordinary shares in BI China, valued at \$1,618, in exchange for the note holder's extension of the note term to January 2021. Such debt issue costs have been recorded as a direct deduction from the face amount of the convertible note in the unaudited pro forma condensed combined balance sheet.

Note H To adjust for the spin-off of Micronet Ltd's business assets and liabilities to the pre-transaction shareholders of MICT pursuant to the Acquisition Agreement and certain pre-spin-off activities.

Note I In addition to recording the exchange of all PGX shareholder outstanding shares for 88,382,373 shares of GFH, PGX shareholders will also receive an aggregate cash distribution of \$25,000 and GFH will issue former PGX shareholders a \$10,000 note payable plus \$2,000 of interest over two years or \$10,000 in additional cash as per the Acquisition Agreement.

Note J To record the exchange of all BI China outstanding shares for 57,691,220 shares of GFH, which were valued at \$1.65 per share or \$95,190 (the "Purchase Consideration"). The following table summarizes the allocation of the preliminary purchase price as of the acquisition date.

BI China Purchase Price Allocation

(000's) USD

Purchase Consideration	\$95,190
------------------------	----------

Less:

Net working capital(1)	\$9,749
Property and equipment	568
Investments in unconsolidated associates	10,045
Trade name/ trademarks(2)	4,450
Developed technology(2)	7,567
Convertible notes	(6,574 )
Deferred tax liability(3)	(3,004 )
Fair value of net assets acquired	\$22,801

Goodwill value	\$72,389
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(1) Gives effect to (a) BNN's purchase of 1,918,423 shares of MICT for \$3,165 of cash; (b) the use of \$1,502 of working capital from the pay down of \$8,532 of short-term debt while utilizing \$10,034 of restricted cash (includes \$1,502 of interest); and (c) the reclassification of \$8,192 of short-term debt to long-term notes payable due to the extension of the note term.

(2) The trade name/trademarks and developed technology are currently presumed to have an estimated useful life of ten and five years, respectively.

(3) Represents the income tax effect of the \$12,017 difference between the accounting and income tax bases of the identified intangible assets, using an assumed income tax rate of 25%.

Note K To record the exchange of all outstanding shares of MICT and approximately \$1,350 of debt for 10,315,667 shares of GFH. Given that GFH is not purchasing the business assets and liabilities of MICT, (they are being spun-out within 60 days after the close of the transaction), the value of the GFH shares were recorded as a merger expense.

Note L To recognize the impact of estimated merger expenses of \$7,000 incurred subsequent to June 30, 2018 through the closing date of the transaction.

**Unaudited Pro Forma Condensed Combined Statement of Operations -For The Six Months Ended June 30, 2018**

Note A Derived from the unaudited condensed consolidated financial statements of PGX for the six months ended June 30, 2018 included elsewhere in this proxy statement/prospectus.

Note B Derived from the unaudited interim condensed consolidated financial statements of BNN for the six months ended June 30, 2018 included elsewhere in this proxy statement/prospectus and translated from GBP to USD. The average exchange rate used to translate GBP to USD for the six months ended June 30, 2018 was the rate of 1.38 as set out in the table below.

**GBP to USD Translation:**

	BNN (£000)	EXCHANGE RATE 1.3758	BNN (\$000)
Revenue			
Revenues	3,278		4,510
Cost of revenues	(2,432)		(3,346 )
Gross profit	846		1,164
Operating Expenses	(9,558)		(13,150)
Operating loss	(8,712)		(11,986)
Share of results of associates	(98 )		(135 )
Finance costs	(342 )		(471 )
Net loss from continuing operations	(9,152)		(12,592)

Note C Derived from the unaudited condensed consolidated financial statements of MICT for the six months ended June 30, 2018, prepared in accordance with US GAAP and adjusted to conform with IFRS as issued by the IASB. The table below provides a reconciliation between US GAAP and IFRS as issued by the IASB financial information.

**US GAAP to IFRS Adjustments:**

	<b>MICT</b>			<b>MICT</b>
	<b>(US GAAP)</b>		<b>IFRS</b>	<b>(IFRS)</b>
			<b>Adjustments</b>	
	<b>(\$000)</b>			<b>(\$000)</b>
Revenue				
Revenues	10,681	-		10,681
Cost of revenue	(7,427 )	(161 )	(a)(b)	(7,588 )
Gross profit	3,254	(161 )	(a)(b)(c)	3,093
Operating expenses	(4,830 )	151		(4,679 )
Operating loss	(1,576 )	(10 )		(1,586 )
Finance costs	(852 )	-		(852 )
Loss before taxes	(2,428 )	(10 )		(2,438 )
Income tax provision	(4 )	-		(4 )
<b>Net loss from continuing operations</b>	<b>(2,432 )</b>	<b>(10 )</b>		<b>(2,442 )</b>

The company reclassified \$165 of amortization of intangible assets (an operating expense) into cost of revenues.

a) Under IFRS the amortization of intangible assets used in the production process of inventory is to be included within the carrying amounts of inventories and once subsequently sold, should be included within cost of sales.

b) Additionally, the company reduced cost of sales by \$4 related to severance pay adjustments.

c) The company also recorded an additional \$10 of royalty expenses due to the timing difference of recognition of royalty expenses under IFRS which were included within operating expenses.

*Pro Forma Adjustments:*

Note D To adjust for the one PGX subsidiary not included in the acquisition pursuant to the Acquisition Agreement, which will be sold for nominal value prior to the closing of the Transactions.

Note E To adjust for amortization of debt issue costs associated with the BNN convertible note with the term extended to January 2021, as a consequence of the Transactions. Such amounts are being amortized on a straight-line basis of two years, the term of the extension. No adjustments have been made to reflect the UK and Hong Kong BNN subsidiaries that are not being acquired pursuant to the Acquisition Agreement as all

activity within these entities are related to the on-going operations of BI China.

To adjust for the spin-off of Micronet Ltd to the pre-Transaction shareholders of MICT pursuant to the Note Acquisition Agreement. All costs (except a small amount of financing cost) of the remaining MICT holding F companies were deemed to be head office costs supporting MICT's operating businesses and were adjusted as part of the spin-off.

Note To record six months of interest expense or \$500 related to the \$10,000 note payable to the ParagonEx G shareholders, as per Note I on the June 30, 2018 unaudited pro forma condensed combined balance sheet.

Note To record the amortization of fair value of internally developed software with a useful life of 5 years plus H tradenames and trademarks with a useful life of 10 years and the corresponding deferred tax benefit.

Note I To remove the effect of one-time merger expenses totaling \$1,589 related to the Transactions.

Note J The post transaction final capitalization is described in detail in the table below:

Shareholder Group	Number of Shares	Percentage	
(A) BNN	57,691,220	34	%
PGX	88,382,373	52	%
(B) MICT	10,315,667	6	%
GFH investors	15,151,515	9	%
Total Shares	171,540,775	100	%

(a) Does not include up to approximately 3,050,000 shares to be received by BNN in its capacity as a MICT shareholder.

(b) Includes up to approximately 3,050,000 shares to be received by BNN in its capacity as a MICT shareholder

The diluted profit per share data is calculated based on net profit divided by the number of ordinary shares for basic profit (loss) per share, adjusted for the dilutive impact of share options and warrants in issue at the statement of financial position sheet date.

**Unaudited Pro Forma Condensed Combined Statement of Operations - For The Year Ended December 31, 2017**

Note A Derived from the audited financial statements of PGX for the year ended December 31, 2017 included elsewhere in this proxy statement/prospectus.

Note B Derived from the audited financial statements of BNN for the year ended December 31, 2017 included elsewhere in this proxy statement/prospectus and translated from GBP to USD. The average exchange rate used to translate GBP to USD for the year ended December 31, 2017 was the rate of 1.29 as set out in the table below.

**GBP to USD Translation:**

	BNN	EXCHANGE RATE	BNN
	(£000)	1.2885	(\$000)
Revenue			
Revenues	7,137		9,196
Cost of revenues	(5,352 )		(6,896 )
Gross profit	1,785		2,300
Operating Expenses	(23,334)		(30,066)
Operating loss	(21,549)		(27,766)
Share of results of associates	(350 )		(451 )
Finance costs	(2,434 )		(3,136 )
Net loss from continuing operations	(24,333)		(31,353)

Note C Derived from the audited financial statements of MICT for the year ended December 31, 2017, prepared in accordance with US GAAP and adjusted to conform with IFRS as issued by the IASB. The table below provides a reconciliation between US GAAP and IFRS as issued by the IASB financial information.



**US GAAP to IFRS Adjustments:**

	MICT			MICT
	(US GAAP)		IFRS	(IFRS)
			Adjustments	
	(\$000)			(\$000)
Revenue				
Revenues	18,366	-		18,366
Cost of revenue	(14,094 )	(347 )	(a)(b)	(14,441 )
Gross profit	4,272	(347 )		3,925
Operating expenses	(8,941 )	417	(a)(b)(c)	(8,524 )
Operating loss	(4,669 )	70		(4,599 )
Finance costs	(401 )	-		(401 )
Loss before tax	(5,070 )	70		(5,000 )
Income tax benefit	10	-		10
Net loss from continuing operations	(5,060 )	70		(4,990 )

The company reclassified \$359 of amortization of intangible assets (an operating expense) into cost of revenues.

a) Under IFRS the amortization of intangible assets used in the production process of inventory is to be included within the carrying amounts of inventories and once subsequently sold, should be included within cost of sales.

Additionally, the company reclassified cost of sales by \$12 to operating expenses related to severance pay

b) adjustments and the company reduced research and development expenses by \$3 related to severance pay adjustments.

c) The company also recorded a reduction of \$70 of royalty expenses due to the timing difference of recognition of royalty expenses under IFRS which were included within operating expenses.

*Pro Forma Adjustments:*

Note D To adjust for the one PGX subsidiary not included in the acquisition, which will be sold for nominal consideration prior to the closing of the Transactions.

Note E To adjust for amortization of debt issue costs associated with the BNN convertible note with the term extended to January 2021, as a consequence of the Transactions. Such amounts are being amortized on a straight-line

basis of two years, the term of the extension. No adjustments have been made to reflect the UK and Hong Kong BNN subsidiaries that are not being acquired pursuant to the Acquisition Agreement as all activity within these entities are related to the on-going operations of BI China.

To adjust for the spin-off of Micronet Ltd to the pre-Transaction shareholders of MICT pursuant to the Acquisition Agreement. All costs (except a small amount of financing cost) of the remaining MICT holding companies were deemed to be head office costs supporting MICT's operating businesses and were adjusted as part of the spin-off.

To record a full year of interest expense or \$1,000 related to the \$10,000 note payable to the ParagonEx shareholders, as per Note I on the June 30, 2018 unaudited pro forma condensed combined balance sheet.

Note H To record the amortization of the fair value of internally developed software with a useful life of 5 years plus the trade names and trademarks with a useful life of 10 years, and the corresponding deferred tax benefit.

Note I The post transaction final capitalization is described in detail in the table below:

Shareholder Group	Number of Shares	Percentage
(A) BNN	57,691,220	34 %
PGX	88,382,373	52 %
(B) MICT	10,315,667	6 %
GFH investors	15,151,515	9 %
Total Shares	171,540,775	100 %

(A) Does not include up to approximately 3,050,000 shares to be received by BNN in its capacity as a MICT shareholder.

(B) Includes up to approximately 3,050,000 shares to be received by BNN in its capacity as a MICT shareholder

The diluted profit per share data is calculated based on net profit divided by the number of ordinary shares for basic profit (loss) per share, adjusted for the dilutive impact of share options and warrants in issue at the statement of financial position sheet date.

## MARKET PRICE AND DIVIDEND INFORMATION

### MICT

#### Market Price of MICT Common Stock

MICT's common stock is traded on the Nasdaq under the symbol "MICT".

On February 1, 2019, 1,187,500 unregistered warrants to purchase MICT's common stock were outstanding.

In connection with the closing of the Business Combination, MICT's common stock, and options and warrants to purchase shares of MICT's Common Stock, will be automatically converted into GFH Ordinary Shares (and options and warrants to purchase the same). It is intended that, following the closing of the Business Combination, GFH Ordinary Shares will be traded on Nasdaq under the symbol "GFH."

The table below sets forth the high and low sales prices of MICT's common stock as reported on The Nasdaq Capital Market, for each full quarterly period within the two most recent fiscal years and the first quarter of 2019 through February 1, 2019.

Quarter	Common Stock	
	High	Low
First quarter of 2019 (through February 1, 2019)	\$1.15	0.68
First quarter of 2018	\$1.48	\$0.96
Second quarter of 2018	\$1.599	\$1.13
Third quarter of 2018	\$1.65	\$1.11
Fourth quarter of 2018	\$1.19	\$0.309
First quarter of 2017	\$1.41	\$1.17
Second quarter of 2017	\$1.30	\$0.99
Third quarter of 2017	\$1.07	\$0.76
Fourth quarter of 2017	\$1.41	\$0.68

On February 1, 2019, MICT's common stock had a closing price of \$1.10.

Holders of MICT Common Stock should obtain current market quotations for their securities. The market price of MICT Common Stock could vary at any time before the Business Combination.

#### Holders

As of the Record Date, there were 11 holders of record of MICT's common stock.

#### GFH

GFH is a BVI business company formed under the laws of the British Virgin Islands for purposes of consummating the Business Combination. GFH has no trading history. GFH conducted a private placement offering to institutional investors pursuant to Section 4(a)(2) of the Securities Act.

#### Dividends

#### MICT

MICT has not paid any cash dividends on its shares in 2018 and 2017. The payment of cash dividends in the future will be dependent upon its revenues and earnings, if any, capital requirements and general financial condition subsequent to the completion of a business combination. As described below, the payment of any cash dividends subsequent to completion of the Business Combination, will be within the discretion of the MICT Board at such time (subject to BNN and ParagonEx's prior written consent). In addition, the MICT Board is not currently contemplating and does not anticipate declaring any share dividends in the foreseeable future. Further, if MICT incurs any indebtedness, its ability to declare dividends may be limited.

#### Dividend Policy of GFH Following the Business Combination

Following completion of the Business Combination, GFH's board of directors will consider whether or not to institute a dividend policy. It is the present intention of GFH to assess its ability to declare dividends in light of its capital structure and earnings immediately following the closing.



## RISK FACTORS

*You should carefully consider all the following risk factors, together with all of the other information included or incorporated by reference in this proxy statement/prospectus, including the financial information, before deciding whether or how to vote or instruct your vote to be cast to approve the Proposals described in this proxy statement/prospectus.*

*The value of your investment following consummation of the Business Combination will be subject to significant risks affecting, among other things, GFH's business, financial condition or results of operations. If any of the events described below occur, GFH's post-Business Combination business and financial results could be adversely affected in material respects. This could result in a decline, which may be significant, in the trading price of GFH Ordinary Shares and you therefore may lose all or part of your investment. The risk factors described below are not necessarily exhaustive and you are encouraged to perform your own investigation with respect to the businesses of MICT, BI China and ParagonEx.*

### Risks Related to the Business Combination and the Combined Business

***GFH may be unable to successfully execute its growth strategy.***

One of GFH's strategies is to pursue organic growth by increasing product offerings, expanding into new verticals and new markets such as China. GFH also intends to continue to expand and upgrade the reliability and scalability of the PaaS offering and other aspects of its proprietary technology. GFH may not be able to successfully execute all or any of these initiatives, and the results may vary from the expectations of GFH or others. Further, even if these initiatives are successful, GFH may not be able to expand and upgrade its technology systems and infrastructure to accommodate increases in the business activity in a timely manner, which could lead to operational breakdowns and delays, loss of customers, a reduction in the growth of its customer base, increased operating expenses, financial losses, increased litigation or customer claims, regulatory sanctions or increased regulatory scrutiny. In addition, GFH will need to continue to attract, hire and retain highly skilled and motivated executives and employees to both execute the growth strategy and to manage the resulting growth effectively.

***GFH may be unable to integrate the businesses of ParagonEx and BI China successfully.***

ParagonEx and BI China are independent companies that have never operated as a combined entity before. Until now, each of ParagonEx and BI China has pursued its own separate businesses in different geographic locations. Upon consummation of the Business Combination, GFH will need to integrate the operations of these two companies that currently operate in different industries and geographic locations into a single operation. Although we believe the business of ParagonEx and BI China are complementary and there will be synergies from the integration of the two companies, we cannot assure you that the Business Combination will produce the expected or intended results. The failure to address problems encountered in connection with such integration could cause GFH to fail to realize the anticipated benefits or incur unanticipated liabilities, any of which could have a materially adverse effect on the business, financial condition, results of operations and cash flows of GFH, which could negatively impact its stock price.

***GFH's acquisition strategy may result in significant transaction expenses, integration and consolidation risks and risks associated with entering new markets, and GFH may be unable to profitably operate the consolidated company.***

One of GFH's strategies is to pursue growth through acquisitions of smaller players in the industry. Such acquisitions involve significant transaction expenses, including, but not limited to, fees paid to legal, financial, tax and accounting advisors, filing fees and printing costs. Acquisitions also present risks associated with offering new products or entering new markets and integrating the acquired companies.



Other areas where GFH may face risks include:

- diversion of management time and focus from operating the business of GFH to address challenges that may arise in integrating the acquired business;
- transition of operations, users and user accounts onto existing platforms or onto platforms of the acquired company;
- failure to successfully further develop the acquired business;
- failure to realize anticipated operational or financial synergies;
- implementation or remediation of controls, procedures, and policies at the acquired company;
- the need to integrate operations across different cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries;
- liability for activities of the acquired company before the acquisition, such as violations of laws and regulatory requirements, commercial disputes, tax liabilities, infringement of third-party rights in intellectual property and other known and unknown liabilities; and
- integration of the acquired business' accounting, human resource and other administrative systems, and coordination of trading and sales and marketing functions.

Future acquisitions could also result in dilutive issuances of the equity securities of GFH, the incurrence of debt, amortization expenses, impairment of goodwill and purchased long-lived assets, and restructuring charges, any of which could harm the financial condition or results of operations and cash flows of GFH. Additionally, any new businesses that may be acquired by GFH, once integrated with the existing operations, may not produce expected or intended results. The failure to address these risks or other problems encountered in connection with future acquisitions could cause GFH to fail to realize the anticipated benefits of such acquisitions or incur unanticipated liabilities, any of which could have a materially adverse effect on the business, financial condition, results of operations and cash flows of GFH.

***None of GFH, BI China or ParagonEx have any formal risk management policies or procedures and those applied by them may not be effective and may leave them exposed to unidentified or unexpected risks.***

GFH, BI China and ParagonEx are dependent on the professional expertise and experience of their management and staff to assess risks. GFH, BI China and ParagonEx do not have any formal written policies or procedures for identifying, monitoring or controlling risks, including risks related to human error, customer defaults, market movements, technology, fraud or money-laundering, and such risks are evaluated by their respective management teams and boards of directors on an ad-hoc basis. Such practices and methods used by GFH, BI China and ParagonEx for managing risk are discretionary by nature and are based on internally developed controls and observed historical market behavior, and also involve reliance on standard industry practices. These methods may not adequately prevent losses, particularly as they relate to extreme market movements, which may be significantly greater than historical fluctuations in the market. The risk-management methods utilized by GFH, BI China and ParagonEx also may not adequately prevent losses due to technical errors if their testing and quality control practices are not effective in preventing failures. In addition, GFH, BI China and ParagonEx may elect to adjust their risk-management policies to allow for an increase in risk tolerance, which could expose it to the risk of greater losses. The risk-management methods used by GFH, BI China and ParagonEx rely on a combination of technical and human controls and supervision that are subject to error and failure. These methods may not protect GFH, BI China and ParagonEx against all risks or may protect them less than anticipated, in which case the business, financial condition and results of operations and cash flows of GFH, BI China and ParagonEx may be materially adversely affected.

***GFH shareholders may be unable to ascertain the merits or risks of BI China's and ParagonEx's operations and the business of these companies are outside of MICT management's area of expertise.***

To the extent we complete the initial Business Combination, we will be affected by numerous risks inherent in both BI China's and ParagonEx's business operations. Furthermore, after completion of the Business Combination, the business of GFH will be entirely different from MICT's business. Although MICT's management has endeavored to evaluate the risks inherent in the proposed Business Combination, MICT cannot assure you that it can adequately ascertain or assess all of the significant risk factors.

***Subsequent to the completion of the Business Combination, GFH may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on its financial condition and its share price, which could cause you to lose some or all of your investment.***

MICT cannot assure you that the due diligence MICT has conducted on BI China and ParagonEx has revealed all material issues that may be present with regard to BI China and ParagonEx, or that it would be possible to uncover all material issues through a customary amount of due diligence or that risks outside of MICT's control will not later arise. Both BI China and ParagonEx are privately held companies and MICT therefore has made its decision to pursue the Business Combination on the basis of limited information, which may result in a business combination that is not as profitable as expected, if at all. As a result of these factors, GFH may be forced to later write-down or write-off assets, restructure operations, or incur impairment or other charges that could result in reporting losses. Even if MICT's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with MICT's preliminary risk analysis. Even though these charges may be non-cash items and would not have an immediate impact on GFH's liquidity, the fact that GFH reports charges of this nature could contribute to negative market perceptions about GFH or GFH's securities. Accordingly, we cannot predict the impact that the Business Combination will have on GFH's securities.

Furthermore, the Acquisition Agreement by which GFH will be acquiring BI China and ParagonEx stipulates that all representations and warranties provided by such companies and their shareholders with regard to their respective businesses, both toward each other and toward GFH, will expire upon completion of the acquisition. Consequently, GFH and MICT will be limited in their ability to pursue a claim against either BI China's or ParagonEx's previous shareholders for breach of any of their representations and warranties that is discovered after the completion date, unless GFH is able to prove that such breach amounted to fraudulent misrepresentation or resulted from a similar act of malicious intent.

***GFH's ability to be successful following the Business Combination will be dependent upon the efforts of GFH's Board of Directors and key personnel and the loss of such persons could negatively impact the operations and profitability of GFH's post-combination business.***

GFH's ability to be successful following the Business Combination will be dependent upon the efforts of GFH's Board of Directors and key personnel. Furthermore, the business of GFH following the Business Combination will be entirely different from MICT's business. It is only contemplated that MICT's Continuing Directors (as defined below) will serve on the GFH Board for a limited period of time, and MICT cannot assure you that GFH's Board of Directors and key personnel will be effective or successful or remain with GFH. In addition to the other challenges they will face, such individuals may be unfamiliar with the requirements of operating a public company, which could cause GFH's management to have to expend time and resources helping them become familiar with such requirements.

It is estimated that, pursuant to the Acquisition Agreement, MICT's public stockholders will only own a minimal interest of GFH. Accordingly, the future performance of GFH will depend upon the quality of the post-Business Combination Board of Directors, management and key personnel of GFH and the GFH's ability to retain such managers and key personnel over time.

***Failure to complete the Business Combination may result in MICT, BNN, BI China and/or ParagonEx paying a termination fee or expenses to the other parties and could harm the price of MICT's common stock and the future business and operations of each company.***

The Acquisition Agreement contains certain termination rights and fees for each of the MICT, BNN, BI China and ParagonEx, and further provides that, upon termination of the Acquisition Agreement under specified circumstances, MICT may be required to pay to BNN and ParagonEx a termination fee of \$900,000, and BNN and ParagonEx may be required to pay to MICT a base termination fee of \$1.8 million, which shall increase to \$3.0 million under certain specified circumstances. In addition, if the Acquisition Agreement is terminated and the board of directors of the respective parties determine to seek another business combination, there can be no assurance that either MICT, BNN, BI China or ParagonEx will be able to find a partner willing to provide equivalent or more attractive consideration than the consideration to be provided in connection with the Business Combination.

***Some of MICT's officers and directors have interests in the Business Combination that are different from yours and that may influence them to support or approve the Business Combination without regard to your interests.***

Certain officers and directors of MICT, like those of other companies, participate in compensation arrangements that provide them with interests in the Business Combination that are different from yours, including, among others, the continued service as an officer or director of the combined organization for some limited period of time, severance benefits and the potential ability to sell an increased number of shares of common stock of the combined organization in accordance with Rule 144 under the Securities Act. For example, such officers and directors may receive compensation for their services generally, as well as in connection with the Business Combination, and subject to and upon the consummation of the Business Combination, MICT will issue to each of MICT's Board members, including its Chief Executive Officer, 300,000 options to purchase MICT Common Stock (1,200,000 options in the aggregate) with an exercise price equal to the GFH Purchase Price Per Share, which shall be granted as success bonuses under MICT's existing Stock Incentive Plans or under the GFH Equity Plan (including the GFH Israeli Sub-Plan) and which shall be, converted into MICT Replacement Options. For more information, see the section entitled "*Proposal 1: The Business Combination Proposal — Interests of MICT's Directors and Officers in the Business Combination*" in this proxy statement/prospectus.

***The securityholders of MICT, BNN, BI China and ParagonEx will have a reduced ownership and voting interest in, and will exercise less influence over the management of, the combined organization following the completion of the Business Combination as compared to their current ownership and voting interests in the respective companies.***

After the completion of the Business Combination, the current stockholders of MICT, BNN, BI China and ParagonEx will own a smaller percentage of the combined organization than their ownership of their respective companies prior to the Business Combination. Immediately after the closing of the Business Combination, it is anticipated that MICT Stockholders will own approximately 5.27% of the ordinary shares GFH, BNN Stockholders will own approximately 17.77% of the ordinary shares of GFH, BI China stockholders (excluding BNN) will own approximately 16.60% of the ordinary shares of GFH and ParagonEx stockholders will own approximately 51.53% of the ordinary shares of GFH. These estimates are subject to adjustment.

***During the pendency of the Business Combination, MICT, BNN, BI China and ParagonEx may not be able to enter into a business combination with another party at a favorable price because of restrictions in the Acquisition Agreement, which could adversely affect their respective businesses.***

Covenants in the Acquisition Agreement impede the ability of MICT, BNN, BI China and ParagonEx to make acquisitions, subject to certain exceptions relating to fiduciary duties, as set forth below, or to complete other transactions that are not in the ordinary course of business pending completion of the Business Combination. As a result, if the Business Combination is not completed, the parties may be at a disadvantage to their competitors during such period. In addition, while the Acquisition Agreement is in effect, each party is generally prohibited during the interim period from soliciting, initiating, encouraging or entering into certain extraordinary transactions, such as merger, sale of assets or other business combination outside the ordinary course of business with any third party, subject to certain exceptions relating to fiduciary duties, as set forth below. Any such transactions could be favorable to such party's stockholders.

***Certain provisions of the Acquisition Agreement may discourage third parties from submitting alternative takeover proposals, including proposals that may be superior to the arrangements contemplated by the Acquisition Agreement.***

The terms of the Acquisition Agreement prohibit each of MICT, BNN, BI China and ParagonEx from soliciting alternative takeover proposals or cooperating with persons making unsolicited takeover proposals, except in limited circumstances when such party's board of directors determines in good faith that an unsolicited alternative takeover proposal is or is reasonably likely to be inconsistent with the board's fiduciary duties.

***The market price of GFH's ordinary shares is expected to be volatile, and the market price of the common stock may drop following the Business Combination.***

The market price of GFH's ordinary shares following the Business Combination could be subject to significant fluctuations. Some of the factors that may cause the market price of the ordinary shares of GFH to fluctuate include:

- changes in laws or regulations applicable to GFH's business and operations;
- introduction of new products, services or technologies by GFH's competitors;
- failure to meet or exceed financial and development projections GFH may provide to the public;
- failure to meet or exceed the financial and development projections of the investment community;

announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by GFH or its competitors;

- additions or departures of key personnel;
- significant lawsuits, including patent or stockholder litigation;

if securities or industry analysts do not publish research or reports about GFH's business, or if they issue an adverse or misleading opinions regarding its business and stock;

- general market or macroeconomic conditions;
- sales of its common stock by GFH or its shareholders in the future;
- trading volume of GFH's ordinary shares; and
- period-to-period fluctuations in GFH's financial results

Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of GFH's ordinary shares.

In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm GFH's profitability and reputation.

***An active market for GFH's securities may not develop, which would adversely affect the liquidity and price of GFH's securities.***

The price of GFH's securities may vary significantly due to factors specific to GFH as well as to general market or economic conditions. Furthermore, an active trading market for GFH's securities may never develop or, if developed, it may not be sustained. You may be unable to sell your securities unless a market can be established and sustained.



***Nasdaq may delist GFH's securities from trading on its exchange, which could limit investors' ability to make transactions in GFH's securities and subject GFH to additional trading restrictions.***

MICT's securities are currently listed on Nasdaq and it is anticipated that, following the Business Combination, GFH's securities will be listed on Nasdaq. However, MICT cannot assure you that GFH's securities will continue to be listed on Nasdaq in the future. In order to continue listing its securities on Nasdaq, GFH must maintain certain financial, distribution and share price levels. Generally, GFH must maintain a minimum amount in shareholders' equity (generally \$2,500,000) and a minimum number of holders of its securities (generally 300 public holders). Additionally, in connection with the initial business combination, GFH will be required to demonstrate compliance with Nasdaq's initial listing requirements, which are more rigorous than Nasdaq's continued listing requirements, in order to continue to maintain the listing of our securities on Nasdaq. For instance, GFH's share price would generally be required to be at least \$4 per share and its shareholders' equity would generally be required to be at least \$5 million and GFH will be required to have a minimum of 300 public holders. MICT cannot assure you that GFH will be able to meet those initial listing requirements at that time.

If Nasdaq delists GFH's securities from trading on its exchange and GFH is not able to list its securities on another national securities exchange, MICT expects GFH's securities could be quoted on an over-the-counter market. If this were to occur, GFH could face significant material adverse consequences, including:

- a limited availability of market quotations for its securities;

- reduced liquidity for its securities;

- a determination that the GFH Ordinary Shares are a "penny stock" which will require brokers trading in the GFH Ordinary Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for GFH's securities;

- a limited amount of news and analyst coverage; and

- a decreased ability to issue additional securities or obtain additional financing in the future.

*The unaudited pro forma condensed combined financial information included in the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" may not be representative of GFH's results if the Business Combination is consummated and accordingly, you will have limited financial information on which to evaluate the financial performance of GFH and your investment decision.*

MICT, ParagonEx and BI China currently operate as separate companies. GFH has had no prior history as a combined entity and its operations have not previously been managed on a combined basis. The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that would have actually occurred had the Business Combination been completed at or as of the dates indicated, nor is it indicative of the future operating results or financial position of GFH. The pro forma statement of operations does not reflect future nonrecurring charges resulting from the Business Combination. The unaudited pro forma condensed combined financial information does not reflect future events that may occur after the Business Combination and does not consider potential impacts of current market conditions on revenues or expenses. The unaudited pro forma condensed combined financial information included in the section entitled “*Unaudited Pro Forma Condensed Combined Financial Information*” has been derived from MICT’s, GFH’s BI China’s and ParagonEx’s historical financial statements and related notes contained elsewhere within this proxy statement/prospectus and certain adjustments and assumptions have been made regarding the combined organization after giving effect to the transaction. Differences between preliminary estimates in the unaudited pro forma condensed combined financial information and the final acquisition accounting may occur and could have an adverse impact on the unaudited pro forma condensed combined financial information and GFH’s financial position and future results of operations.

In addition, the assumptions used in preparing the unaudited pro forma condensed combined financial information may not prove to be accurate and other factors may affect GFH’s financial condition or results of operations following the Closing. Any potential decline in GFH’s financial condition or results of operations may cause significant variations in the share price of GFH.

***The market price of the GFH Ordinary Shares may decline as a result of the Business Combination.***

The market price of the GFH Ordinary Shares may decline as a result of the Business Combination for a number of reasons including if:

- investors react negatively to the prospects of GFH's business and the prospects of the Business Combination;

the effect of the Business Combination on GFH's business and prospects is not consistent with the expectations of financial or industry analysts; or

GFH does not achieve the perceived benefits of the Business Combination as rapidly or to the extent anticipated by financial or industry analysts.

***MICT's Stockholders may not realize a benefit from the Business Combination commensurate with the ownership dilution they will experience in connection with the Business Combination.***

If GFH is unable to realize the full strategic and financial benefits currently anticipated from the Business Combination, MICT's Stockholders will have experienced substantial dilution of their ownership interests in MICT without receiving any commensurate benefit, or only receiving part of the commensurate benefit to the extent GFH is able to realize only part of the strategic and financial benefits currently anticipated from the Business Combination.

***During the pendency of the Business Combination, MICT, BI China and ParagonEx may not be able to enter into a business combination with another party because of restrictions in the Acquisition Agreement, which could adversely affect their respective businesses. Furthermore, certain provisions of the Acquisition Agreement may discourage third parties from submitting alternative takeover proposals, including proposals that may be superior to the arrangements contemplated by the Acquisition Agreement.***

Covenants in the Acquisition Agreement impede the ability of MICT, BI China and ParagonEx to make acquisitions or complete other transactions that are not in the ordinary course of business pending completion of the Business Combination. As a result, MICT may be at a disadvantage to its competitors during that period, which disadvantage will remain uncompensated if the Business Combination is not completed and MICT is unable to reap any of its anticipated rewards from such transaction.

***If the conditions to the Business Combination are not met, the Business Combination may not occur.***

In addition to approval by the stockholders of MICT, specified conditions must be satisfied or waived to complete the Business Combination. These conditions, described in detail in the Acquisition Agreement, include, in addition to shareholder consent and among other requirements: (i) the expiration or termination of any waiting period, and extension thereof, applicable under any Antitrust Laws, (ii) receipt or filing of any and all required consents from all applicable Government Authorities or third person, (iii) no law or order preventing the transactions by any applicable Governmental Authority shall have been issued, enforced or in effect, (iv) no pending litigation to enjoin or restrict the Closing, as defined in the Acquisition Agreement, by any non-affiliated third-party, (v) the declaration of the effectiveness of the Registration Statement by the SEC, and its remaining effective as of the Closing, (vi) each party's representations and warranties are true and correct as of the date of the Acquisition Agreement and as of the Closing, (vii) each party's compliance in all material respects with its covenants and agreements, (viii) no Material Adverse Effect with respect to a party since the date of the Acquisition Agreement which remains continuing and uncured, (ix) the delivery by each applicable party of each of the required Closing deliveries, (x) the voting agreement and lock-up agreements being in full force and effect, and (xi) the lack of indebtedness of MICT other than \$760,000. See the section titled "*The Acquisition Agreement and Related Agreements — General Description of the Acquisition Agreement — Conditions to Consummation of the Transactions*" below for a more complete summary. MICT, ParagonEx and BI China cannot assure you that all of the conditions will be satisfied. If the conditions are not satisfied or waived, the Business Combination may not occur, or may be delayed. Such delays may cause MICT, ParagonEx and/or BI China to each lose some or all of the intended benefits of the Business Combination.

***Following the Business Combination, if securities or industry analysts do not publish or cease publishing research or reports about GFH, its business, or its market, or if they change their recommendations regarding the GFH Ordinary Shares adversely, the price and trading volume of the GFH Ordinary Shares could decline.***

The trading market for the GFH Ordinary Shares will be influenced by the research and reports that industry or securities analysts may publish about GFH, its business, its market, or its competitors. Securities and industry analysts do not currently, and may never, publish research on GFH. If no securities or industry analysts commence coverage of GFH, GFH's share price and trading volume would likely be negatively impacted. If any of the analysts who may cover GFH change their recommendation regarding GFH's share adversely, or provide more favorable relative recommendations about our competitors, the price of the GFH Ordinary Shares would likely decline. If any analyst who may currently cover MICT were to cease coverage of GFH or fail to regularly publish reports on it, we could lose visibility in the financial markets, which could cause GFH's share price or trading volume to decline.

***Future sales of shares by existing shareholders could cause the GFH's share price to decline.***

If existing stockholders of MICT, BNN, BI China and ParagonEx sell, or indicate an intention to sell, substantial amounts of GFH's ordinary shares in the public market after legal restrictions on resale discussed in this proxy statement/prospectus lapse, the trading price of the ordinary shares of GFH could decline. Based on shares outstanding as of the date of this proxy statement/prospectus, and shares expected to be issued upon completion of the Business Combination, GFH is expected to have outstanding a total of approximately 171,540,775 ordinary shares immediately following the completion of the Business Combination. Of the 171,540,775 ordinary shares, approximately 86,382,373 ordinary shares will be available for sale in the public market beginning 180 days after the closing of the Business Combination, and approximately 30,481,705 ordinary shares will be available for sale in the public market beginning 12 months after the closing of the Business Combination as a result of the expiration of lock-up or similar agreements between the parties to the Acquisition Agreement. All other outstanding shares of common stock will be freely tradable, without restriction, in the public market. If these shares are sold, the trading price of the GFH's ordinary shares could decline.

***You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because GFH is a BVI company.***

While MICT is currently a Delaware corporation, GFH is a BVI company. Upon consummation of the transactions contemplated by the Acquisition Agreement, all outstanding common stock of MICT will be converted into shares of GFH, thereby converting ownership by MICT Stockholders in a Delaware corporation into ownership of shares of a BVI company. As a company limited by shares incorporated under the laws of the British Virgin Islands, GFH's corporate affairs are governed by its memorandum and articles of association, the BVI Business Companies Act (the "Companies Act") and the common law of the British Virgin Islands. The rights of shareholders to take action against

the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under British Virgin Islands law are governed by the Companies Act and the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived from English common law, and while the decisions of the English courts are of persuasive authority, they are not binding on a court in the British Virgin Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the British Virgin Islands has a less developed body of securities laws as compared to the United States, and some states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law. In addition, while statutory provisions do exist in BVI law for derivative actions to be brought in certain circumstances, shareholders in BVI companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. The circumstances in which any such action may be brought, and the procedures and defenses that may be available with respect to any such action, may result in the rights of shareholders of a BVI company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred.

The British Virgin Islands courts are also unlikely:

to recognize or enforce against us judgments of courts of the United States based on certain civil liability provisions of U.S. securities laws; and

to impose liabilities against us, in original actions brought in the British Virgin Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States, although the courts of the British Virgin Islands will in certain circumstances recognize such a foreign judgment and treat it as a cause of action in itself which may be sued upon as a debt at common law so that no retrial of the issues would be necessary provided that the U.S. judgment:

the U.S. court issuing the judgment had jurisdiction in the matter and GFH either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;

is final and for a liquidated sum;

the judgment given by the U.S. court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of GFH;

in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the U.S. court;

recognition or enforcement of the judgment would not be contrary to public policy in the British Virgin Islands; and

the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public stockholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Act and the laws applicable to companies incorporated in the United States and their stockholders, see the section titled "*Proposal 1: The Business Combination Proposal.*"





***Judgments obtained against GFH by stockholders may not be enforceable.***

GFH is a British Virgin Islands company. All of its assets will be located outside of the United States and its business will be operated outside the United States. In addition, a majority of GFH's directors and officers will be nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against GFH or against these individuals in the United States in the event that you believe that your rights have been infringed under the United States federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the British Virgin Islands and the other jurisdictions where GFH will have operations may render you unable to enforce a judgment against GFH's assets or the assets of its directors and officers. For more information regarding the relevant laws of the British Virgin Islands, see the section entitled "*Enforceability of Civil Liabilities.*"

***GFH is expected to be a foreign private issuer within the meaning of the rules under the Exchange Act, and as such it will be exempt from certain provisions applicable to U.S. domestic public companies.***

GFH is expected to qualify as a foreign private issuer under the Exchange Act and, if it so qualifies, it will be exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers (such as MICT), including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;

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

- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and

- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

GFH will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, GFH intends to publish its results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information GFH will be required to file with or furnish to the SEC will be less extensive and less timely as compared to that required to be filed with the SEC by U.S. domestic issuers, such as MICT. As a

British Virgin Islands company listed on Nasdaq, GFH will be subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like GFH to follow the corporate governance practices of its home country. Certain corporate governance practices in the British Virgin Islands, which will be GFH's home country, may differ significantly from the Nasdaq corporate governance listing standards. Although GFH does not currently plan to utilize the home country exemption for corporate governance matters, to the extent that it chooses to do so in the future, its stockholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which were available to you as a stockholder of MICT, a U.S. domestic issuer.

***GFH will qualify as an emerging growth company, and the reduced reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.***

GFH will be an "emerging growth company," as defined in the JOBS Act, and it may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley Act of 2002 for so long as it is an emerging growth company. As a result, if GFH elects not to comply with such auditor attestation requirements, you may not have access to certain information that was available to you as a stockholder of MICT.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. GFH may take advantage of the extended transition period. If GFH elects to do so, its financial statements may not be comparable to other public companies that comply with the public company effective dates for these new or revised accounting standards. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

***If GFH is classified as a passive foreign investment company, United States taxpayers who own GFH Ordinary Shares may have adverse United States federal income tax consequences.***

A non-U.S. corporation such as GFH will be classified as a passive foreign investment company, which is known as a passive foreign investment company (a “**PFIC**”), for any taxable year if, for such year, either

- At least 75% of GFH’s gross income for the year is passive income; or
- The average percentage of GFH’s assets (determined at the end of each quarter) during the taxable year which produce passive income or which are held for the production of passive income is at least 50%.

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

If GFH is determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. taxpayer who holds GFH Ordinary Shares, the U.S. taxpayer may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements.

Depending on the amount of cash GFH raises in connection with the transactions described in this proxy statement/prospectus, including without limitation the GFH Private Placement, together with any other assets held for the production of passive income, it is possible that, for its current taxable year or for any subsequent year, more than 50% of GFH’s assets may be assets which produce passive income. For purposes of the PFIC analysis, in general, a non-U.S. corporation is deemed to own its pro rata share of the gross income and assets of any entity in which it is considered to own at least 25% of the equity by value. Therefore, the income and assets of BI China and ParagonEx should be included in the determination of whether or not GFH is a PFIC in any taxable year.

For a more detailed discussion of the application of the PFIC rules to GFH and the consequences to U.S. taxpayers if GFH were determined to be a PFIC, see “*Proposal 1: The Business Combination Proposal — Material United States Federal Income Tax Considerations — U.S. Federal Income Tax Considerations of Owning GFH Ordinary Shares — Passive Foreign Investment Company.*”

***Risks related to recent and potential changes to regulatory legislation in the British Virgin Islands could lead to increased costs of GFH in complying with additional regulatory and reporting requirements.***

As the global regulatory and tax environment evolves, GFH may be subject to new or different statutory and regulatory requirements (for example, on 1 January, 2019 the Economic Substance (Companies and Limited Partnerships) Act, 2018 of the British Virgin Islands (the “**Economic Substance Act**”) came into force and related regulations and guidance are anticipated in due course). It is difficult to predict what impact the adoption of these laws or regulations, or changes in the interpretation of existing laws or regulations could have on GFH, however, compliance with various additional obligations may create significant additional costs that may be borne by GFH or otherwise affect the management and operation of GFH.

## Risk Factors Related to MICT

### *Risks Related to MICT's Business and Industry*

***The Business Combination may not be consummated or may not deliver the anticipated benefits MICT expects.***

MICT is devoting substantially all of its time and resources to consummating the Business Combination; however, there can be no assurance that such activities will result in the consummation of the Business Combination and the transactions contemplated thereby or that such transaction will deliver the anticipated benefits or enhance stockholder value. MICT cannot assure you that MICT will complete the Business Combination in a timely manner or at all. The Acquisition Agreement is subject to many closing conditions and termination rights. If the Business Combination does not occur, the MICT Board may elect to attempt to complete an alternative strategic transaction similar to the Business Combination. Attempting to complete an alternative strategic transaction will be costly and time-consuming, and MICT cannot make any assurances that a future strategic transaction will occur on terms that provide the same or greater opportunity for potential value to MICT's Stockholders, or at all. If MICT is unable to close another strategic transaction, the MICT Board may determine to sell or otherwise dispose of MICT's various assets, and distribute any remaining cash proceeds to MICT's Stockholders. In that event, MICT would be required to pay all of its debts and contractual obligations, and to set aside certain reserves for potential future claims, so MICT would not be able to provide any assurances as to the amount or timing of available cash or assets available for distribution remaining to distribute to stockholders after paying its obligations and setting aside funds for reserves.

***If MICT does not successfully consummate the Business Combination, the MICT Board may decide to pursue a dissolution and liquidation of MICT. In such an event, the amount of cash available for distribution to MICT's Stockholders will depend heavily on the timing of such liquidation as well as the amount of cash that will need to be reserved for commitments and contingent liabilities.***

There can be no assurance that MICT can successfully consummate the Business Combination. If the transaction is not completed, the MICT Board may decide to pursue a dissolution and liquidation of MICT. In such an event, the amount of cash available for distribution to MICT's Stockholders will depend heavily on the timing of such decision and, ultimately, such liquidation, because the amount of cash available for distribution continues to decrease as MICT funds its operations. Further, the Acquisition Agreement contains certain termination rights for each party thereto, and provides that, upon termination under specified circumstances, MICT may be required to pay BNN and/or ParagonEx a termination fee of \$900,000, which would further decrease MICT's available cash resources. If the MICT Board were to approve and recommend, and MICT's Stockholders were to approve, a dissolution and liquidation of MICT, MICT would be required under Delaware corporate law to pay MICT's outstanding obligations, as well as to make reasonable provision for contingent and unknown obligations, prior to making any distributions in liquidation to MICT's Stockholders. As a result of this requirement, a portion of MICT's assets may need to be reserved pending the

resolution of such obligations. In addition, MICT may be subject to litigation or other claims related to a dissolution and liquidation of MICT. If a dissolution and liquidation were pursued, the MICT Board, in consultation with its advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve. Accordingly, holders of MICT Common Stock could lose all or a significant portion of their investment in the event of a liquidation, dissolution or winding up of MICT.

***MICT is substantially dependent on its remaining employees to facilitate the consummation of the Business Combination.***

MICT's ability to successfully complete the Business Combination, or if the Business Combination is not completed, another potential strategic transaction, depends in large part on its ability to retain certain of its remaining personnel, particularly David Lucatz, MICT's Chairman and Chief Executive Officer and Micronet's Chairman and President. Despite MICT's efforts to retain Mr. Lucatz and other key employees, one or more may terminate their employment on short notice. The loss of the services of any of these employees could potentially harm MICT's ability to complete the Business Combination, evaluate and pursue strategic alternatives, as well as fulfill its reporting obligations as a public company.

***Potential political, economic and military instability in Israel could adversely affect operations.***

Certain of MICT and Micronet's principal offices and operating facilities are located in Israel. Accordingly, with respect to such Israeli facilities, political, economic and military conditions in Israel directly affect the operations of MICT and Micronet. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. A state of hostility varying in degree and intensity has led to security and economic problems for Israel. Since October 2000, there has been an increase in hostilities between Israel and Palestinians, which has adversely affected the peace process and has negatively influenced Israel's relationship with its Arab citizens and several Arab countries, including the Gaza Strip, the West Bank, Lebanon and Syria. Such ongoing hostilities may hinder Israel's international trade relations and may limit the geographic markets where Micronet can sell its products and solutions. Hostilities involving or threatening Israel, or the interruption or curtailment of trade between Israel and its present trading partners, could materially and adversely affect operations.

In addition, Israel-based companies and companies doing business with Israel have been subject to an economic boycott by members of the Arab League and certain other predominantly Muslim countries since Israel's establishment, along with other private organizations around the world. Although Israel has entered into various agreements with certain Arab countries and the Palestinian Authority, and various declarations have been signed in connection with efforts to resolve some of the economic and political problems in the Middle East, whether or in what manner these problems will be resolved is unpredictable. Wars and acts of terrorism have resulted in significant damage to the Israeli economy, including reducing the level of foreign and local investment.

Furthermore, certain of MICT and Micronet's officers and employees may be obligated to perform annual reserve duty in the Israel Defense Forces and are subject to being called up for active military duty at any time. All Israeli male citizens who have served in the army are subject to an obligation to perform reserve duty until they are between 40 and 49 years old, depending upon the nature of their military service.

***Micronet is unable to develop new products and maintain a qualified workforce it may not be able to meet the needs of customers in the future.***

Virtually all of the products produced and sold by MICT, through its subsidiary, Micronet are highly engineered and require employees with sophisticated manufacturing and system-integration techniques and capabilities. The markets and industry in which Micronet operates are characterized by rapidly changing technologies. The products, systems, solutions and needs of Micronet customers change and evolve regularly. Accordingly, the future performance of Micronet depends on its ability to develop and manufacture competitive products and solutions, and bring those products to market quickly at cost-effective prices. In addition, because of the highly specialized nature of Micronet's business, the hiring and retention of skilled and qualified personnel is necessary to perform the services required by customers. If MICT through its subsidiary, Micronet is unable to develop new products that meet customers' changing needs or successfully attract and retain qualified personnel, its future revenues and earnings may be adversely affected.



***MICT is dependent on the services of its executive officers, whose potential conflicts of interest may not permit MICT to effectively execute its business strategy.***

MICT is currently dependent on the continued services and performance of its executive officers, particularly David Lucatz, MICT's Chairman and Chief Executive Officer and Micronet's Chairman and President. Mr. Lucatz also serves as the President, Chairman and Chief Executive Officer of D.L. Capital Ltd., or DLC, the primary asset of which is its ownership of shares of MICT Common Stock. See the section entitled "*Proposal 1: The Business Combination Proposal – Interests of MICT's Directors and Officers in the Business Combination*" in this proxy statement/prospectus.

***Developing new technologies entails significant risks and uncertainties that may cause MICT, through its subsidiary Micronet to incur significant costs and could have a material adverse effect on operating results, financial condition, and/or cash flows.***

A significant portion of MICT's business conducted through its subsidiary, Micronet, relates to developing sophisticated products and applications. New technologies may be untested or unproven. In addition, significant liabilities that are unique to such Micronet products and services may be incurred. While insurance is maintained for some business risks, it is not practicable to obtain coverage to protect against all operational risks and liabilities. In addition, MICT may seek to limit potential liability related to the sale and use of such Micronet products and systems. MICT may also elect to provide through its subsidiary, Micronet, products or services even in instances where it is unable to obtain such indemnification or qualification. Accordingly, MICT through its subsidiary, Micronet, may be forced to bear substantial costs resulting from risks and uncertainties of products and products under development, which could have a material adverse effect on operating results, financial condition and/or cash flows.

***If MICT is unable to effectively protect proprietary technology (either its own, or that of its subsidiary, Micronet), its business and competitive position may be harmed.***

MICT's success and ability to compete, through its subsidiary, Micronet, are dependent on its proprietary technology. The steps Micronet has taken to protect its proprietary rights may not be adequate and Micronet may not be able to prevent others from using its proprietary technology. The methodologies and proprietary technology that constitute the basis of Micronet's solutions and products are not protected by patents. Existing trade secret, copyright and trademark laws and non-disclosure agreements to which Micronet is a party offer only limited protection. Therefore, others, including Micronet's competitors, may develop and market similar solutions and products, copy or reverse engineer elements of Micronet's production lines, or engage in the unauthorized use of Micronet's intellectual property. Any misappropriation of Micronet's proprietary technology or the development of competitive technology may have a significant adverse effect on Micronet's ability to compete and may harm MICT's business and financial position.

***Substantial costs as a result of litigation or other proceedings relating to intellectual property rights may be incurred.***

Third parties may challenge the validity of Micronet's intellectual property rights or bring claims regarding Micronet's infringement of a third party's property rights. This may result in costly litigation or other time-consuming and expensive judicial or administrative proceedings, which could deprive MICT and/or Micronet of valuable rights, cause them to incur substantial expenses and cause a diversion for technical and management personnel. An adverse determination may subject MICT through its subsidiary, Micronet to significant liabilities or require it to seek licenses that may not be available from third parties on commercially favorable terms, if at all. Further, if such claims are proven valid, through litigation or otherwise, MICT through its subsidiary, Micronet may be required to pay substantial financial damages or be required to discontinue or significantly delay the development, marketing, sale or licensing of the affected products and intellectual property rights.

***Earnings and margins may be negatively impacted if MICT unable to perform under its contracts.***

When agreeing to contractual terms, MICT's and/or Micronet's management makes assumptions and projections about future conditions or events. These projections assess:

- the productivity and availability of labor;
- the complexity of the work to be performed;
- the cost and availability of materials;
- the impact of delayed performance; and
- the timing of product deliveries.

If there is a significant change in one or more of these circumstances or estimates, or if faced with unexpected contract costs, the profitability of one or more of these contracts may be adversely affected and could affect, among other things, earnings and margins, due to the fact that Micronet's contracts are often made on a fixed-price basis.

***Earnings and margins could be negatively affected by deficient subcontractor performance or the unavailability of raw materials or components.***

MICT, in connection with Micronet's operations, relies on other companies to provide raw materials, major components and subsystems for its products. Subcontractors perform some of the services that provided by MICT through its subsidiary, Micronet to its customers. MICT, in connection with Micronet's operations, depends on these subcontractors and vendors to meet contractual obligations in full compliance with customer requirements. Occasionally, MICT, in connection with Micronet's operations, relies on only one or two sources of supply that, if disrupted, could have an adverse effect on MICT's ability to meet commitments to customers. Micronet's ability to perform its obligations as a prime contractor may be adversely affected if one or more of these suppliers is unable to provide the agreed-upon supplies or perform the agreed-upon services in a timely and cost-effective manner. Further, deficiencies in the performance of subcontractors and vendors could result in a customer terminating a contract for default. A termination for default could expose MICT through its subsidiary, Micronet to liability and adversely affect financial performance and Micronet's ability to win new contracts.

*Micronet is dependent on major customers for a significant portion of revenues, and therefore, future revenues and earnings could be negatively impacted by the loss or reduction of the demand for Micronet's products or services by such customers.*

A significant portion of MRM annual revenues derived from a few leading customers. As of December 31, 2017, the MRM division had five customers that combined accounted for approximately 75% of its revenues.

Most of Micronet's major customers do not have any obligation to purchase additional products or services from it. Therefore, there can be no assurance that any of Micronet's leading customers will continue to purchase solutions, products or services at levels comparable to previous years. A substantial loss or reduction in Micronet's existing programs could adversely affect future revenues and earnings.

***MICT, through its subsidiary, Micronet operates in a highly competitive and fragmented market and may not be able to maintain a competitive position in the future.***

A number of larger competitors have recently entered the MRM market in which Micronet operates. These large companies have far greater development and capital resources than Micronet. Further, there are competitors of Micronet that offer solutions, products and services similar to those offered by Micronet. If they continue, these trends could undermine Micronet's competitive strength and position and adversely affect earnings and financial condition.

***Micronet may cease to be eligible for, or receive reduced, tax benefits under Israeli law, which could negatively impact profits in the future.***

Micronet currently receives certain tax benefits under the Israeli Law Encouragement of Capital Investments of 1959, as a result of the designation of its production facility as an "Approved Enterprise." To maintain their eligibility for these tax benefits, Micronet must continue to meet several conditions including, among others, generating more than 25% of its gross revenues outside the State of Israel and continuing to qualify as an "Industrial Company" under Israeli tax law. An Industrial Company, according to the applicable Israeli law (Law for the Encouragement of Industry (Taxes), 1969), is a company that resides in Israel (either incorporated in Israel or managed and controlled from Israel) that, during the relevant tax year, derives at least 90% of its income from an Industrial Factory. An Industrial Factory means a factory that is owned by an Industrial Company and where its manufacturing operations constitute a vast majority of the factory's total operations/business. The tax benefits of qualifying as an Industrial Company include a reduction of the corporate tax from 24% for "Regular Entities" and 16% or 7.5% for "Preferred Enterprises" (depending on the location of industry) in 2017. In addition, in recent years the Israeli government has reduced the benefits available under this program and has indicated that it may further reduce or eliminate benefits in the future. There is no assurance that Micronet will continue to qualify for these tax benefits or that such tax benefits will continue to be available. The termination or reduction of these tax benefits would increase the amount of tax payable by Micronet and, accordingly, reduce MICT's net profit after tax and negatively impact profits.

***Because almost all of MICT's officers and directors are located in non-U.S. jurisdictions, you may have no effective recourse against management for misconduct.***

Currently, a majority of MICT's directors and officers are or will be nationals and/or residents of countries other than the United States, and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against such officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any U.S. state. Additionally, it may be difficult to enforce civil liabilities under U.S. securities law in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to

hear a claim, it may determine that Israeli law and not U.S. law is applicable to hear the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

***MICT's financial results may be negatively affected by foreign exchange rate fluctuations.***

MICT's revenues are mainly denominated in U.S. Dollars and costs are mainly denominated in New Israeli Shekels (NIS). Where possible, MICT matches sales and purchases in these and other currencies to achieve a natural hedge. Currently, Micronet does not have a policy with respect to the use of derivative instruments for hedging purposes, except that Micronet will consider engaging in such hedging activities on a case by case basis. To the extent MICT is unable to fully match sales and purchases in different currencies, its business will be exposed to fluctuations in foreign exchange rates.

***If MICT's beneficial ownership of Micronet's ordinary shares declines, it may not be able to treat Micronet as its subsidiary, which may adversely affect MICT's financial condition and results of operations.***

MICT, through its subsidiary, MICT Telematics Ltd. (formerly Enertec Electronics), and David Lucatz or his affiliates currently hold and/or control in the aggregate, 50.07% of Micronet's outstanding ordinary shares, par value \$0.133 per share. If MICT is unable to consider Micronet as a consolidated subsidiary, the financial condition and results of operations of MICT may be adversely affected and may cause interest in or the market price of its securities to decline.

***Cybersecurity disruptions may impact MICT's business operations if it becomes a target for such activities.***

MICT and/or its subsidiary, Micronet, may be subject to attempted cybersecurity disruptions from a variety of threat actors. If systems for protecting against cybersecurity disruptions prove to be insufficient, MICT and Micronet, and their customers, employees or third parties could be adversely affected. Such cybersecurity disruptions could cause physical harm to people or the environment; damage or destroy assets; compromise business systems; result in proprietary information being altered, lost or stolen; result in employee, customer or third party information being compromised; or otherwise disrupt business operations. Significant costs to remedy the effects of such a cybersecurity disruption may be incurred by MICT and Micronet, as well as in connection with resulting regulatory actions and litigation, and such disruption may harm relationships with customers and impact MICT's and Micronet's business reputation.

***Those holders who do not tender their shares of common stock of MICT in the Offer will continue to be minority shareholders of MICT and will ultimately become minority shareholders in GFH. The value of any shares of common stock of MICT not tendered in the Offer could decrease, and there may not be a liquid market for the shares of common stock of MICT following the completion of the Offer, or of GFH following the completion of the Business Combination.***

Following the completion of the Offer, those holders who do not tender their shares of common stock of MICT will continue to be minority shareholders in MICT, and will ultimately become minority shareholders in GFH with a limited (if any) ability to influence the outcome of any matters that are or can be subject to shareholder approval. Furthermore, the market for MICT common stock may become illiquid after the Offer, and the market for the ordinary shares of GFH may be illiquid following the Business Combination. As a result, any future sale of the MICT common stock and/or ordinary shares of GFH could be at a price per share significantly less than the offer price in the Offer. In addition, the potential lack of market liquidity could also increase the difficulty of selling MICT common stock and/or ordinary shares of GFH in large blocks without adversely affecting their price.

It is possible that after completion of the Offer, the MICT common stock will fail to meet the criteria for continued listing on Nasdaq. If this were to happen, the MICT common stock could be delisted from Nasdaq. It is also possible that the ordinary shares of GFH will fail to meet the initial listing requirements of Nasdaq.

In the event shares of MICT common stock are s delisted, the value of any MICT common stock not tendered in the Offer could decrease to a price per share significantly less than the consideration offered in the Offer. Similarly, in the event that the ordinary shares of GFH do not qualify for a Nasdaq listing, the price of each ordinary share of GFH could be significantly less than the consideration offered in the Offer.



## **Risks Related to the Spin-Off**

*The Spin-Off could give rise to disputes or other unfavorable effects, which could materially and adversely affect our business, financial position or results of operations.*

The Spin-Off may lead to increased operating and other expenses, of both a nonrecurring and a recurring nature, and to changes to certain operations. Disputes with third parties could also arise out of these transactions. These increased expenses, changes to operations, disputes with third parties, or other effects could materially and adversely affect our business, financial position or results of operations.

*The Spin-Off may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws.*

A court could deem the Spin-Off of Micronet common stock or certain internal restructuring transactions undertaken by MICT in connection therewith to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. In such circumstances, a court could void the transactions or impose substantial liabilities upon us, which could adversely affect our financial condition and our results of operations. Whether a transaction is a fraudulent conveyance or transfer will vary depending upon the jurisdiction whose law is being applied.

*MICT may sell certain of its shares of Micronet in advance of the completion of the Spin-off.*

The Acquisition Agreement provides that MICT may sell certain of its shares of Micronet during the interim period if such sales are necessary to complete the transactions contemplated by the Acquisition Agreement, including the Spin-off, and accordingly, there is no way for MICT's stockholders to determine at this time how many shares of Micronet will be distributed or the number of shares of Micronet they will be entitled to upon the completion of the Spin-off.

*Micronet may be required to obtain additional financing.*

Micronet anticipates that it will be required to obtain, and it is currently in the process of seeking, additional financing, which is likely to be dilutive to Micronet's stockholders, due to an increase in cash flow needs on the one hand, and the utilization of most of its existing resources on the other. Such increase in cash flow needs is due to both a significant decrease in Micronet's recent sales results, and a lower sales forecast than in previous years.

Given the uncertainty as to the number of shares of Micronet to be distributed, Micronet's need for financing, and the difficult position Micronet currently is in, MICT's stockholders should not ascribe significant value to the Spin-off in determining whether or not to participate in the Offer.

*Risks Related to Ownership of MICT Securities*

***Your ability to influence corporate decisions may be limited because ownership of MICT Common Stock is concentrated.***

As of the date of this proxy statement/prospectus, Mr. Lucatz, the MICT Chairman, Chief Executive Officer and President, beneficially owned 1,234,200 shares, or approximately 13.21% (and 15.76% on a fully diluted basis) of MICT's outstanding common stock. As a result, Mr. Lucatz, may exercise significant control over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. Such concentration of ownership could also have the effect of delaying or preventing a change in control of MICT, which could have a material adverse effect on the trading price of its common stock.

***Provisions in MICT's certificate of incorporation and under Delaware law could make an acquisition of MICT, which may be beneficial to stockholders, more difficult and may prevent attempts by MICT Stockholders to replace or remove the current management.***

Provisions in MICT's certificate of incorporation, as amended, and MICT's amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for MICT Common Stock. These provisions could also limit the price that investors might be willing to pay in the future for MICT securities, thereby depressing the market price of MICT's securities. In addition, these provisions may frustrate, deter or prevent any attempts by MICT Stockholders to replace or remove current management by making it more difficult for stockholders to replace members of the MICT Board. Because the board of directors is responsible for appointing the members of the MICT management team, these provisions could in turn affect any attempt by stockholders to replace current members of the MICT management team.

Moreover, because MICT is incorporated in Delaware, it is governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, which prohibits a person who owns in excess of 15% of outstanding voting stock from merging or combining with MICT for a period of three years after the date of the transaction in which the person acquired in excess of 15% of outstanding voting stock, unless the merger or combination is approved in a prescribed manner. MICT has not opted out of the restrictions under Section 203.

***MICT Stockholders may experience significant dilution as a result of any additional financing that results in the issuance of MICT equity securities and/or debt securities.***

To the extent that additional funds are raised by issuing equity securities, including through convertible debt securities, MICT Stockholders may experience significant dilution. Sales of additional equity and/or convertible debt securities at prices below certain levels will trigger anti-dilution provisions with respect to certain securities which have been previously issued. If additional funds are raised through a credit facility, or the issuance of debt securities or preferred stock, lenders or holders of these debt securities or preferred stock would likely have rights that are senior to the rights of holders of common stock, and any credit facility or additional securities could contain covenants that would restrict operations.

*If the price of MICT's common stock is volatile, purchasers of its common stock could incur substantial losses.*

The price of MICT's common stock has been and may continue to be volatile. The market price of MICT's Common Stock may be influenced by many factors, including but not limited to the following:

- developments regarding the Business Combination and the transactions contemplated thereby;
- announcements of developments related to MICT's business;
- quarterly fluctuations in actual or anticipated operating results;
- announcements of technological innovations;

- new products or product enhancements introduced by Micronet or its competitors;
- developments in patents and other intellectual property rights and litigation;
- developments in relationships with third party manufacturers and/or strategic partners;
- developments in relationships with customers and/or suppliers;
- regulatory or legal developments in the United States, Israel and other countries;
- general conditions in the global economy; and
- the other factors described in this “*Risk Factors*” section.

For these reasons and others, you should consider an investment in MICT Common Stock as risky and invest only if you can withstand a significant loss and wide fluctuations in the value of such investment.

***A sale by MICT of a substantial number of shares of MICT’s common stock or securities convertible into or exercisable for common stock may cause the price of MICT’s common stock to decline and may impair the ability to raise capital in the future.***

MICT’s common stock is traded on Nasdaq and despite certain increases of trading volume from time to time, there have been periods when it could be considered “thinly-traded,” meaning that the number of persons interested in purchasing MICT Common Stock at or near bid prices at any given time may have been relatively small or non-existent. Financing transactions resulting in a large amount of newly-issued securities, or other events that cause current stockholders to sell shares, could place downward pressure on the trading price of MICT Common Stock. In addition, the lack of a robust resale market may require a stockholder who desires to sell a large number of shares of common stock to sell those shares in increments over time to mitigate any adverse impact of the sales on the market price of MICT stock. If MICT Stockholders sell, or the market perceives that its stockholders intend to sell for various reasons, including the ending of restriction on resale, substantial amounts of common stock in the public market, including shares issued upon the exercise of outstanding options or warrants, the market price of MICT Common Stock could fall. Sales of a substantial number of shares of MICT Common Stock may make it more difficult for MICT to sell equity or equity-related securities in the future at a time and price that MICT deems reasonable or appropriate. Moreover, MICT may become involved in securities class action litigation arising out of volatility resulting from such sales that could divert management’s attention and harm MICT’s business.

***If securities or industry analysts do not publish research or reports or publish unfavorable research about MICT's business, the price of its common stock could decline.***

MICT does not currently have any significant research coverage by securities and industry analysts and may never obtain such research coverage. If securities or industry analysts do not commence or maintain coverage of MICT, the trading price for its common stock might be negatively affected. In the event such securities or industry analyst coverage is obtained, if one or more of the analysts who covers MICT or will cover MICT downgrades its securities, the price of MICT Common Stock would likely decline. If one or more of these analysts ceases to cover MICT or fails to publish regular reports on it, interest in the purchase of MICT Common Stock could decrease, which could cause the price of MICT Common Stock and trading volume to decline.

***If MICT continues to fail to meet all applicable Nasdaq requirements, Nasdaq may delist its common stock, which could have an adverse impact on its liquidity and market price.***

MICT Common Stock is currently listed on Nasdaq, which has qualitative and quantitative listing criteria. If MICT continues to be unable to comply with Nasdaq listing requirements, including, for example, if the closing bid price for MICT Common Stock continues to fall below \$1.00 per share, Nasdaq could determine to delist the MICT Common Stock which could adversely affect its market liquidity market price. In that regard, on September 1, 2017, MICT received a written notice from Nasdaq indicating that it was not in compliance with Nasdaq Listing Rule 5550(a)(2), as the closing bid price for MICT's common stock was below \$1.00 per share for the preceding 30 consecutive business days. On January 8, 2018, MICT received a written notice from Nasdaq that for at least 10 consecutive business days, from December 20, 2017 to January 5, 2018, the closing bid price of MICT Common Stock had been at \$1.00 or greater and, as a result, had regained compliance with Nasdaq Listing Rule 5550(a)(2). On December 12, 2018, MICT received a new written notice from Nasdaq indicating that it was not in compliance with Nasdaq Listing Rule 5550(a)(2), as the closing bid price for MICT's common stock was below \$1.00 per share for the preceding 30 consecutive business days. Accordingly, Nasdaq provided MICT a period of 180 calendar days, until June 10, 2019, to regain compliance by maintaining a minimum closing bid price of at least \$1.00 for a minimum of ten (10) consecutive trading days. If the closing bid price of MICT Common Stock remains below \$1.00 until June 10, 2019 MICT Common Stock may be subject to delisting. There can be no assurance, that MICT will be able to regain compliance with Nasdaq's minimum bid price requirement. If MICT regains compliance with the Nasdaq's minimum bid price requirement, there can be no assurance that MICT will be able to maintain compliance with the Nasdaq listing requirements, or that MICT's common stock will not be delisted from The Nasdaq Capital Market in the future. Such delisting could adversely affect the ability to obtain financing for the continuation of MICT's operations and could result in the loss of confidence by investors, customers and employees.

## RISK FACTORS RELATED TO BI CHINA

### Risks Related to BI China's Business and Industry

***BI China is engaging in new business ventures in China and it cannot guarantee the level of future earnings from these ventures.***

From its inception through 2015, BI China was primarily a lottery business and its revenues were primarily generated by online lottery. Since the suspension of online lottery licenses by the Chinese government in March 2015, BI China has re-focused its business model to explore new ventures and new revenue streams. Some of the products central to the new business model of BI China, such as “play for fun” games and other virtual and high frequency games, are still under development. Furthermore, regulatory changes in China will need to occur before BI China can fully take advantage of some of the business ventures it is currently engaged in. BI China cannot assure you that such regulatory changes will take place in the near future or at all. BI China also cannot guarantee that the new products and ventures will be successful and widely adopted by the Chinese population. Because these new ventures represent a new business model for BI China, the level of future earnings from these ventures cannot be guaranteed.

***BI China is dependent on PRC government agencies on both the national and provincial level for the execution of its new business model. The contracts entered into with such government agencies also exposes BI China to additional business risks and compliance obligations.***

The new business model is highly dependent on the successful cooperation with a number of provinces and government agencies in China. Future business generated from contracts with the Welfare Lottery Centers and other provinces and government agencies in China may be materially adversely affected if:

- BI China's reputation or relationship with government agencies is impaired;

- BI China is suspended or otherwise prohibited from contracting with any significant government agency;

- levels of government expenditures and authorizations decrease or shift to other areas;

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BI China is prevented from entering into new government contracts or extending existing government contracts based on violations or suspected violations of laws or regulations; or

- there is a change in political climate that adversely affects existing or prospective relationships.

In addition, BI China must comply with PRC laws and regulations relating to the formation, administration, and performance of contracts with governmental agencies. These laws and regulations affect how business is conducted with government agencies in the PRC. Contracts with governmental agencies may contain, or under applicable law, may be deemed to contain, provisions not typically found in private commercial contracts, including provisions in BI China's current contracts with provincial agencies enabling the respective agency to terminate the contract in case of force majeure, including change in political climate, or if a failure to pay an initial minimum guarantee payment before a certain date.

If a government customer terminates a contract, BI China may not recover the incurred or committed costs, receive any settlement of expenses, or earn a profit on work completed prior to the termination. Further, an agency within a government may share information regarding such a termination with other agencies. As a result, BI China's ongoing or prospective relationships with other government agencies could be impaired.

***BI China has reported losses in each of the last five years and its business model is subject to uncertainties, which makes it difficult to evaluate its business.***

BI China has a new business model in an emerging and rapidly evolving market. This makes it difficult for you to evaluate the business, financial performance and prospects of BI China. Its historical growth rate may not be indicative of its future performance. BI China has not achieved profitability, including in the period immediately prior to the date that the lottery was suspended. There can be no assurance that BI China will be able to achieve profitability or growth in the future. BI China may not be able to achieve or sustain profitability on a quarterly or annual basis. You should consider the risks and uncertainties that fast-growing companies in a rapidly evolving market may encounter.

The impact of the suspension of online lottery sales since March 2015 has significantly impacted BI China's financial results and BI China has not been able to re-gain profitability since then.

***Interim net revenues and operating results may fluctuate, which makes BI China's results of operations difficult to predict and may cause interim results of operations to fall short of expectations.***

BI China's interim revenues and operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are out of its control. For these reasons, comparing BI China's operating results on a period-to-period basis may not be meaningful, and you should not rely on past results as an indication of future performance. Interim and annual net revenues, costs and expenses as a percentage of net revenues may be significantly different from historical or projected rates. Operating results in future periods may fall below expectations. Any of these events could cause the value of BI China's business to fall. Other factors that may affect BI China's financial results include, among others:

- its ability to successfully implement the new business strategies in the China lottery and gaming industry;
- changes in government policies or regulations, or their enforcement;
- economic conditions in China and worldwide; and
- geopolitical events or natural disasters such as war, threat of war, earthquake or epidemics.

***The successful operation of the BI China business depends upon the performance and reliability of the Internet infrastructure in China.***

The BI China business depends on the performance and reliability of the Internet infrastructure in China. Almost all access to the Internet is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology of China. In addition, the national networks in China are connected to the Internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the Internet outside of China. BI China may not have access to alternative networks in the event of disruptions, failures or other problems with China's Internet infrastructure. In addition, the Internet infrastructure in China may not support the demands associated with continued growth in Internet usage.

The failure of telecommunications network operators to provide BI China with the requisite bandwidth could also interfere with the speed and availability of its websites and online products. BI China has no control over the costs of the services provided by the national telecommunications operators. If the prices that BI China pays for telecommunications and Internet services rise significantly, gross margins could be adversely affected. In addition, if Internet access fees or other charges to Internet users increase, user traffic may decrease, which in turn may significantly decrease BI China's revenues.

***Customer growth and activity on mobile devices depend upon effective use of mobile operating systems, networks and standards that BI China does not control.***

The success of the new gaming products being developed by BI China depend, in part, on the utilization of mobile devices by users of these products. As new mobile devices and platforms are released, it is difficult to predict the problems that may be encountered in supporting applications for these alternative devices and platforms, and therefore, BI China may need to devote significant resources to the development, support and maintenance of such applications. In addition, future growth and results of operations could suffer if BI China experiences difficulties in the future with its relationships with providers of mobile operating systems or mobile application download stores. BI China is further dependent on the interoperability of its platform with popular mobile operating systems that it does not control, such as iOS and Android, and any changes in such systems that degrade the functionality of the BI China platform or gives preferential treatment to competitive products could adversely affect the usage of the BI China platform on mobile devices. In the event that it is more difficult for BI China's customers to use the new products via their mobile devices, or if customers choose not to access or to use any app developed by BI China, customer growth could be harmed and the BI China business, financial condition and operating results may be adversely affected.

***BI China depends on its technology and advanced information systems, which may fail or be subject to disruption.***

BI China is dependent on its IT systems for its business. The efficiency and reliability of the BI China systems are in turn dependent on the functionality and stability of the underlying technical infrastructure. The functionality of the servers used by BI China and the related hardware and software infrastructure are of considerable significances to the BI China business, reputation and ability to attract business partners and users. BI China's IT systems may be damaged or interrupted by increases in usage, human errors, unauthorized access, destruction of hardware, power cuts not covered by backup facilities, system crashes, software problems, virus attacks, natural hazards or disasters, or similar disruptions or disruptive events. Furthermore, current IT systems used by BI China may be unable to support a significant increase in online traffic or increased number of users, whether as a result of organic or inorganic growth of the business. BI China has in place business continuity procedures, disaster recovery systems and security measures to protect against network or technical failures or disruptions. Despite such procedures, failures in computer processing and weakness in the existing software and hardware cannot be completely prevented or eliminated. Any failure of BI China's IT system and infrastructure could lead to significant costs and disruptions that could reduce revenues, harm BI China's reputation and/or have a material adverse effect on its operations.

In addition, BI China relies on bandwidth providers, communications carriers, data centers and other third parties for key aspects of the process in providing services to its users. Any failure or interruption in the services and products provided by these third parties could limit BI China's ability to operate certain of its businesses, which could in turn have a material adverse effect on the BI China business and financial condition.

***If BI China is unable to continue to innovate or if it fails to adapt to changes in BI China's industry, its business, financial condition and results of operations would be materially and adversely affected.***

The Internet industry is characterized by rapidly changing technology, evolving industry standards, new service and product introductions and changing customer demands. Furthermore, competitors are constantly developing innovations in Internet search, online marketing, communications, social networking and other services to enhance users' online experience. While BI China will continue to invest significant resources in infrastructure, research and development and other areas in order to enhance the BI China platform technology, existing products and services and to introduce new high quality products and services that will attract more participants to BI China apps and platforms.

The changes and developments taking place in the BI China industry may also require BI China to re-evaluate its business model and adopt significant changes to its long-term strategies and business plan. BI China's failure to innovate and adapt to these changes would have a material adverse effect on its business, financial condition and results of operations.

***BI China relies on senior management and key personnel.***

BI China's success will depend to a significant extent upon the experience of executive directors and senior management whose continued service may not be guaranteed. The departure of one or more key executives or senior management could have a material and adverse effect on BI China's performance. In addition, BI China's expansion may require the recruitment of additional skilled personnel, the unavailability of which may have an adverse effect on operations.

***The success of the BI China business depends on its ability to maintain and enhance the BI China reputation and brand.***

BI China believes that its reputation in the industry, particularly underpinning relationships with government departments and with commercial partners as a leading, reliable and trustworthy service provider is of significant importance to the success of BI China's business. Since the online gaming and lottery market is highly competitive, the ability to succeed in these markets depends largely on maintaining and enhancing the BI China reputation and brand, which may be difficult and expensive.

BI China has developed a reputation by providing users with what they believe are superior and trustworthy services. BI China has conducted, and may continue to conduct, various marketing and promotion activities. It cannot be assured, however, that these marketing efforts and promotions will be successful. In addition, any negative publicity in relation to BI China's services or products, regardless of its veracity, could harm its reputation and, in turn, have adverse effects on customer loyalty. If BI China fails to maintain and enhance its reputation, or if BI China incurs excessive expenses in efforts to do so, its business, financial condition and results of operations may be materially and adversely affected.

***The failure to manage the growth of the BI China business and operations could harm BI China.***

BI China's business has become increasingly complex, both in the types of businesses which BI China operates and their scale. BI China may need to expand its headcount, office facilities and infrastructure if its new business ventures become successful. This expansion will increase the complexity of operations and place a significant strain on management, operational and financial resources. BI China must continue to effectively hire, train and manage new employees. If new hires perform poorly or if it is unsuccessful in hiring, training, managing and integrating new employees, BI China's business, financial condition and results of operations may be materially harmed.

Current and planned personnel, systems, procedures and controls may not be adequate to support future operations. To effectively manage the expected growth of operations and personnel, BI China will need to continue to improve transaction processing, operational and financial systems, procedures and controls, which could be particularly challenging. These efforts will require significant managerial, financial and human resources. It cannot be assured that BI China will be able to effectively manage such growth or to implement all these systems, procedures and control measures successfully. If BI China is unable to manage such growth effectively, its business and prospects may be materially and adversely affected.

***Future strategic acquisitions may have a material adverse effect on the BI China business, reputation and results of operations.***

BI China may acquire additional assets, products, technologies or businesses that are complementary to its existing business if such opportunities are presented. Future acquisitions and subsequent integration of newly acquired assets and businesses into BI China would require significant attention from management and could result in a diversion of resources from BI China's existing business, which in turn could have an adverse effect on business operations. Acquired assets or businesses may not generate the financial results expected. In addition, acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the cost of identifying and consummating acquisitions may be significant. In addition to possible shareholders' approval, approvals and licenses from the relevant government authorities in the PRC for the acquisitions may be required to be obtained and compliance with any applicable PRC laws and regulations could result in increased cost and delay.

***BI China may not be able to recoup the investments made to expand and upgrade facilitation and technology capabilities.***

BI China has invested and will continue to invest significant sums in upgrading its technology platform and databases. Heavy investment in technology capabilities is expected to continue for a number of years. Such costs associated with these investments are expected to be recognized earlier than some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than expected. Such capital expenditures or investments may not be recoverable, in part or in full, or the recovery of these capital expenditures or investments may take longer than expected, which could adversely affect the financial condition and results of operation of BI China.

***If BI China is unable to recruit, train and retain qualified personnel or sufficient workforce while controlling labor costs, BI China's business may be materially and adversely affected.***

BI China intends to hire additional qualified employees to support its business operations and planned expansion. The future success of BI China depends, to a significant extent, on its ability to recruit, train and retain qualified personnel, particularly technical, fulfillment, marketing and other operational personnel with experience in the online, gaming and digital technology industry. Current experienced mid-level managers are instrumental in implementing BI China's business strategies, executing business plans and supporting business operations and growth. The effective operation of managerial and operating systems, fulfillment infrastructure, customer service center and other back office functions also depends on the hard work and quality performance of management and employees. Since BI China's industry is characterized by high demand and intense competition for talent and labor, no assurance can be provided that attraction or retention of qualified staff or other highly skilled employees necessary to achieve its strategic objectives can or will be maintained. Recent tightening of the labor market and an emerging trend of shortage of labor supply has been observed. Labor costs in China have increased with China's economic development, particularly in the large cities where BI China's headquarters are operated. In addition, the ability to train and integrate new employees into BI China's operations may also be limited and may not meet the demand for business growth on a timely fashion, or at all, and such rapid expansion may impair the ability to maintain corporate culture.

***The proper functioning of BI China's technology platform is essential to its business, therefore any failure to maintain the satisfactory performance of the BI China websites and systems could materially and adversely affect BI China's business and reputation.***

The satisfactory performance, reliability and availability of BI China's technology platform are critical to the success and ability of BI China to attract and retain customers and provide quality customer service. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm systems that result in the unavailability or slowdown of the BI China platform could reduce the volume of payments facilitated and the amount of traffic to BI China's applications. The BI China servers may also be vulnerable to computer viruses, physical or



electronic break-ins and similar disruptions, which could lead to system interruptions, platform slowdown or unavailability, delays or errors in transaction processing or the loss of data.

Security breaches, computer viruses and hacking attacks have become more prevalent in BI China's industry. No assurances can be provided that current security mechanisms will be sufficient to protect IT systems from any third-party intrusions, viruses or hacker attacks, information or data theft or other similar activities. Any such future occurrences could reduce customer satisfaction, damage BI China's reputation and result in a material decrease in BI China's revenue.

Additionally, upgrades and improvements to BI China's technology platform must continue in order to support its business growth. Failure to do so could impede such potential growth. However, there can be no assurances that BI China will be successful in executing these system upgrades and improvement strategies. In particular, the BI China systems may experience interruptions during upgrades, and the new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all. In addition, BI China may experience surges in online traffic, which can put additional demands on technology platforms at specific times. If existing or future technology platforms do not function properly, it could cause system disruptions and slow response times, affecting data transmission, which in turn could materially and adversely affect the business, financial condition and results of operations of BI China.

***BI China is exposed to potential contractual claims by third parties arising from regulatory actions, which could damage the BI China reputation and results of operations.***

BI China has entered into various service and other contracts with a number of third parties. Many of these agreements contain warranties, indemnities and termination provisions in which BI China makes representations and warranties to the counterparties as to the legitimacy of BI China's operations and compliance with relevant laws and regulations. If a claim or regulatory action is brought against BI China's counterparties alleging that BI China's historical business conduct breached such provisions on which such counterparties have relied, whether as a result of judicial proceedings or a change of law or otherwise, BI China may face material claims or regulatory actions and may owe damages to the relevant third parties. Liability may also remain for any outstanding fees payable to the counterparty of an agreement which has been terminated.

***Failure to adequately protect user account information could have a material adverse effect.***

BI China processes its users' personal data (including name, address, age, bank details and user history) as part of its business and therefore must comply with data protection laws in China. Data protection laws restrict the ability to collect and use personal information relating to BI China's users and potential users. Notwithstanding BI China's IT and data security and other systems, BI China may not be effective in detecting any intrusion or other security breaches, or safeguarding against sabotage, hackers, viruses and cyber-crime. BI China is exposed to the risk that personal data could be wrongfully accessed and/or used, whether by employees, users or other third parties, or otherwise lost or disclosed or processed in breach of data protection laws. If BI China or any of the third party service providers upon whom it relies fails to transmit users information and payment details online in a secure manner or if any such theft or loss of personal users data were to otherwise occur, BI China could be subjected to liabilities under the data protection laws or result in the loss of the goodwill of users.

***BI China does not have any insurance coverage against product liability claims or business interruptions.***

As the insurance industry in China is still in an early stage of development, insurance companies in China currently offer limited business insurance products. As a result, BI China does not have any product liability insurance or business interruption insurance covering its Chinese operations. As the number of products and services BI China offers continues to increase, BI China may be increasingly exposed to claims related to such products and services. Any such claims, business disruption, or natural disaster could result in the incurrence of substantial costs and a diversion of resources away from BI China's business, which would have an adverse effect on BI China's business and results of operations.

***BI China may be unable to adequately protect its intellectual property rights.***

BI China's trademarks, software, technology know-how and other intellectual property is designed to provide competitive advantages to it, which are important to its achievements to date and its future success. It cannot be assured that steps taken to protect its intellectual property rights will be sufficient to prevent infringement of its intellectual property rights. BI China's failure to adequately protect its intellectual property rights, including rights in its trademarks and know-how, could have a material adverse effect on operations.

The validity, enforceability and scope of protection available under intellectual property laws with respect to the Internet industry in China are uncertain and evolving. Implementation and enforcement of PRC intellectual property-related laws have historically been deficient and ineffective. Accordingly, protection of intellectual property rights in China may not be as effective as in the United States or other western countries. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and resorting to litigation to enforce or defend copyrights or other intellectual property rights or to determine the enforceability, scope and validity of proprietary rights or those of others may be necessary. Such litigation and any adverse determination thereof could result in substantial costs and diversion of resources and management attention away from BI China's business.

***BI China may be subject to allegations or liabilities for infringement of third-party intellectual property rights based on the content available on BI China websites or information services.***

BI China provides its users with real-time news, data, analyses, real-time match scores and other contents on its information platform. Such contents are obtained from a third-party professional sports information agency as well as publicly available sources. The user forum of BI China websites also hosts a significant amount of content generated by its users. It cannot be assured that BI China will not be subject to allegations, claims or lawsuits by third parties regarding the use of sports related information or any other content on BI China websites, which may infringe upon the intellectual property rights of such third parties. If such claims are found valid by the courts and their removal is ordered from BI China websites, BI China's information platform will become less attractive and its user experience and satisfaction will be adversely affected. Even if BI China successfully defends itself against such claims or allegations, considerable costs in such defense may be incurred or reputational damage may be suffered due to the negative publicity associated with such claims or allegations.

**Risks Related to BI China's Corporate Structure**

***If the PRC government finds that the agreements that establish the structure for operating BI China's businesses in China do not comply with PRC governmental restrictions on foreign investment in the Internet, gaming and the***

*lottery business, or if these regulations or the interpretation of existing regulations change in the future, BI China could be subject to severe penalties or be forced to relinquish interests in those operations.*

Current PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in the Internet, gaming and lottery businesses. Therefore, BI China conducts operations in China principally through contractual arrangements among its wholly-owned PRC subsidiary, Beijing Brookfield Interactive Science & Technology Development Co. Limited (“**Beijing Brookfield**”), BI China’s contractually controlled entities in the PRC and their respective shareholders, by entering into a set of variable interest entities agreements, including exclusive option agreements, shareholder voting rights delegation agreements, exclusive business cooperation agreements, equity pledge agreements and loan agreements. These contractual arrangements (i) enable BI China to exercise effective control over these entities, and (ii) economically obligates BI China to absorb the losses and provide the right to receive the benefits of these entities, requiring BI China to treat them as BI China’s contractually controlled entities and to consolidate their operating results. For a detailed discussion of these contractual arrangements, see “*Description of the Business of BI China — Business Model — Group Structure and Recent Restructuring.*”

Although it is believed by BI China, based on the opinion of Global Law Office, its PRC counsel, that BI China is compliant with current PRC regulations, PRC laws and regulations governing the validity of these contractual arrangements are open to varying interpretations and the relevant government authorities have broad discretion in interpreting these laws and regulations. It cannot be assured that BI China will have the ability to enforce these contracts or that the PRC government would agree that these contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future.

If the PRC government determines that BI China is not in compliance with applicable laws and regulations, it could revoke business and operating licenses, require BI China to discontinue or restrict operations, restrict BI China's right to collect revenues, block websites, require the restructuring of operations, impose additional conditions or requirements with which BI China may be unable to comply with, or take other regulatory or enforcement actions against BI China that could be harmful to its business. The imposition of any of these penalties would result in a material and adverse effect on BI China's ability to conduct business.

***Any failure by contractually controlled entities or their respective shareholders to perform contractual obligations may have a material adverse effect on the BI China business.***

Despite their contractual obligations to do so, BI China's contractually controlled entities and their respective shareholders may fail to take certain actions required for BI China's business or fail to follow BI China's instructions. If they fail to perform their obligations under their respective agreements, BI China may have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, which may not be effective.

All of these contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as compared to certain other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit the ability to enforce these contractual arrangements, which may make it difficult to exert effective control over these contractually controlled entities, and BI China's ability to conduct business may be adversely affected.

***The shareholders of contractually controlled entities have potential conflicts of interest with BI China, which may adversely affect the BI China business.***

BI China has designated individuals who are PRC nationals to be the shareholders of contractually controlled entities, Hulian Xincal and NewNet. These current shareholders of the contractually controlled entities are relied upon to fulfill their fiduciary duties and abide by the PRC laws and act in BI China's best interests. The interests of these individuals may differ from the interests of BI China. These shareholders may breach, or cause the contractually controlled entities to breach, or refuse to renew, the existing contractual arrangements with them and Hulian Xincal or NewNet, which would have a material and adverse effect on the ability to effectively control Hulian Xincal and NewNet. When conflicts of interest arise, it cannot be assured that any or all of these shareholders will act in the best interests of BI China or such conflicts will be resolved in BI China's favor.

Currently, BI China does not have any arrangements to address potential conflicts of interest between it and these shareholders, except that BI China may exercise its purchase option under the purchase option agreements with these shareholders to request them to transfer all of their equity ownership in Hulian Xincal or NewNet to one or more individuals which designated by BI China. BI China relies on the shareholders, particularly Mr. Wei Qi as a director, to abide by PRC law, which provides that directors owe a fiduciary duty to BI China. Such fiduciary duties require directors to act in good faith and in the best interests of BI China and not to use their positions for personal gains. If conflicts of interest or disputes between BI China and the shareholders of Hulian Xincal or NewNet cannot be resolved, BI China would have to rely on legal proceedings, which could result in disruption of business, and which carries a substantial uncertainty as to the outcome of any such legal proceedings.

***Contractual arrangements with contractually controlled entities may result in adverse tax consequences.***

Under applicable PRC tax laws and regulations, arrangements and transactions among related parties may be subjected to audit or scrutiny by the PRC tax authorities within ten (10) years after the taxable year when the arrangements or transactions are conducted. BI China could face material and adverse tax consequences if the PRC tax authorities were to determine that the contractual arrangements among Beijing Brookfield, BI China's contractually controlled entities in China and their respective shareholders were not entered into on an arm's-length basis and therefore constituted unfavorable transfer pricing arrangements. Unfavorable transfer pricing arrangements could, among other things, result in an upward adjustment of income subject to taxation. In addition, the PRC tax authorities may impose interest on late payments on contractually controlled entities for the adjusted but unpaid taxes. BI China's results of operations may be materially and adversely affected if these contractually controlled entities' tax liabilities increase significantly or if they are required to pay interest on late payments.

***PRC laws and regulations limit the ability of BI China's PRC subsidiaries to pay dividends to BI China.***

Under PRC laws and regulations, Beijing Brookfield, as a wholly foreign-owned enterprise in the PRC, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise such as Beijing Brookfield is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a statutory reserve fund, until the aggregate amount of such a fund reaches 50% of its registered capital. At its discretion, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Furthermore, if Beijing Brookfield incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to BI China. In addition, the PRC tax authorities may require an adjustment to taxable income under the contractual arrangements Beijing Brookfield currently has in place with BI China's contractually controlled entities in a manner that would materially and adversely affect its ability to pay dividends and other distributions.

Any limitation on the ability of Beijing Brookfield to pay dividends or make other distributions to BI China could limit the ability of BI China to use such dividends as a source of financing.

***PRC regulation of loans to, and direct investment in, PRC entities by offshore companies and governmental control of currency conversion may limit BI China's ability to fund expansion or operations.***

Under PRC laws and regulations, BI China is permitted to utilize the proceeds from any future offering to fund its PRC subsidiaries by making loans to such PRC subsidiaries or additional capital contributions to Beijing Brookfield,



subject to applicable government registration and approval requirements.

Any loans to BI China's PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, are subject to PRC regulations and foreign exchange loan registrations. For example, loans to BI China's PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the State Administration of Foreign Exchange ("**SAFE**"). The statutory limit for the total amount of foreign debts of a foreign-invested company is the difference between the amount of total investment, as approved by the Ministry of Commerce (the "**MOC**") or its local counterpart, and the amount of registered capital of such foreign-invested company.

BI China may also decide to finance Beijing Brookfield by means of capital contributions. These capital contributions must be approved by the MOC or its local counterpart. In addition, SAFE issued a circular in September 2008, SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority, and unless otherwise provided by law, may not be used for equity investments within the PRC. Although on July 4, 2014, the SAFE issued the *Circular of the SAFE on Relevant Issues Concerning the Pilot Reform in Certain Areas of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises*, or SAFE Circular 36, which launched a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises in certain designated areas from August 4, 2014 and some of the restrictions under SAFE Circular 142 will not apply to the settlement of the foreign exchange capitals of the foreign-invested enterprises established within the designated areas and such enterprises are allowed to use their RMB capital converted from foreign exchange capitals to make equity investment, BI China's PRC subsidiaries are not established within the designated areas. On March 30, 2015, SAFE promulgated Circular 19, to expand the reform nationwide.

Circular 19 came into force and replaced both Circular 142 and Circular 36 on June 1, 2015. Circular 19 allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, providing entrusted loans or repaying loans between non-financial enterprises. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of these circulars could result in severe monetary or other penalties. These circulars may significantly limit the ability to use RMB converted from the net proceeds of this offering to fund the establishment of new entities in China by BI China's PRC subsidiaries, to invest in or acquire any other PRC companies through such PRC subsidiaries, or to establish new contractually controlled entities in the PRC.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, BI China's ability to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to Beijing Brookfield or future capital contributions by BI China to its PRC subsidiaries, cannot be assured. If BI China fails to complete such registrations or obtain such approvals, its ability to capitalize or otherwise fund PRC operations may be negatively affected, which could materially and adversely affect BI China's liquidity and ability to fund and expand its business.

## **Risks Related to Doing Business in China**

***The PRC legal system embodies uncertainties which could limit the legal protections available to investors and BI China.***

As its main operating entities and a majority of its assets are located in China, PRC laws and the PRC legal system in general may have a significant impact on BI China's business operations. Although China's legal system has developed over the last several decades, PRC laws, regulations and legal requirements remain underdeveloped relative to the United States of America. Moreover, PRC laws and regulations change frequently and their interpretation and enforcement involve uncertainties. For example, the interpretation or enforcement of PRC laws and regulations may be subject to government rules or policies, some of which are not published on a timely basis or at all. In addition, the relative inexperience of China's judiciary system in some cases may create uncertainty as to the outcome of litigation. These uncertainties could limit BI China's ability to enforce its legal or contractual rights or otherwise adversely affect its business and operations.

Furthermore, due to the existence of unpublished rules and policies, and since newly issued PRC laws and regulations may have expected and unexpected retrospective effects, BI China may not be aware of a violation of certain PRC laws, regulations, policies or rules until after the event.

**The complexities, uncertainties and rapid changes in PRC regulation of the Internet, gaming and lottery businesses and companies require significant resources for compliance.**

The PRC government extensively regulates the Internet, gaming and lottery industries, including foreign ownership of, and the licensing and permit requirements pertaining to, companies doing business in these industries. These laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC regulation of these businesses include, but are not limited to, the following:

There are uncertainties relating to the regulation of the Internet, lottery and gaming businesses in China, including evolving licensing practices. This means that permits, licenses or operations at some of BI China's controlled entities and subsidiaries may be subject to challenge, or BI China, its controlled entities or its subsidiaries may fail to obtain permits or licenses that may be deemed necessary for operations or BI China may be unable to obtain or renew certain permits or licenses.

New laws and regulations that regulate Internet activities and the lottery and gaming industries, including online lottery services, may be promulgated. If these new laws and regulations are promulgated, additional licenses may be required for operations. If BI China's operations do not comply with these new regulations after they become effective, or if it fails to obtain any licenses required under these new laws and regulations, BI China could be subject to penalties.

BI China only has contractual control over its operating websites and does not directly own the websites due to the restriction of foreign investment in businesses providing value-added telecom services in China, including Internet content provision services. If the authorities challenge BI China's corporate structure or rights to its websites, it could significantly disrupt BI China's business, subject BI China to sanctions, compromise enforceability of related contractual arrangements, or have other adverse effects.

The interpretation and application of existing PRC laws, regulations and policies and any new laws, regulations or policies relating to the Internet, gaming and lottery industries have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of companies in these

industries, including BI China's business. BI China cannot assure you that it has obtained all the permits or licenses required for conducting its business in China or will be able to maintain existing licenses or obtain any new licenses required under any new laws or regulations. There are also risks associated with being found in violation of existing or future laws and regulations given the uncertainty and complexity of China's regulation of these businesses.

In addition, new laws and regulations applicable to the Internet, lottery and gaming industries could be issued at the national or provincial level, or existing regulations could be interpreted more strictly. No assurance can be given that business on these industries in general or BI China's products and services in particular will not be adversely impacted by further regulations. In particular, technical limitations on Internet use can also be developed or implemented. For example, restrictions can be implemented on personal Internet use in the workplace in general or access to BI China's sites in particular. All such regulations, restrictions and limitations could lead to a reduction of user activities or a loss of users, and restrict the types of products and services BI China may be able to offer in China, which in turn could have a material adverse effect on BI China's financial condition and results of operations.

***Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations of BI China.***

The Ministry of Commerce published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of the current corporate structure, corporate governance and business operations of BI China in many aspects.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company should be treated as a foreign-invested enterprise, or an FIE. According to the definition set forth in the draft Foreign Investment Law, FIEs refer to enterprises established in China pursuant to PRC law that are solely or partially invested by foreign investors. The draft Foreign Investment Law specifically provides that entities established in China (without direct foreign equity ownership) but “controlled” by foreign investors, through contract or trust for example, will be treated as FIEs. Once an entity falls within the definition of FIE, it may be subject to foreign investment “restrictions” or “prohibitions” set forth in a “negative list” to be separately issued by the State Council later. If an FIE proposes to conduct business in an industry subject to foreign investment “restrictions” in the “negative list,” the FIE must go through a market entry clearance by the Ministry of Commerce before being established. If an FIE proposes to conduct business in an industry subject to foreign investment “prohibitions” in the “negative list,” it must not engage in the business. However, an FIE, during the market entry clearance process, may apply in writing to be treated as a PRC domestic enterprise if its foreign investor(s) is/are ultimately “controlled” by PRC government authorities and its affiliates and/or PRC citizens. In this connection, “control” is broadly defined in the draft law to cover the following summarized categories: (i) holding 50% of more of the voting rights of the subject entity; (ii) holding less than 50% of the voting rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders’ meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial matters or other key aspects of business operations.

The structure adopted by BI China, has been adopted by many PRC-based companies, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See “*Risk Factors — Risk Factors Related to BI China — Risks Related to BI China’s Corporate Structure*” and “*Description of the Business of BI China — Business Model — Group Structure and Recent Restructuring*.” Under the draft Foreign Investment Law, entities that are controlled via contractual arrangement would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. Therefore, for any companies with such a structure in an industry category that is included in the “negative list” as restricted industry, the structure may be deemed legitimate only if the ultimate controlling person(s)

is/are of PRC nationality (either PRC government authorities and its affiliates or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the contractually controlled entities will be treated as FIEs and any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal.

The draft Foreign Investment Law has not taken a position on what actions shall be taken with respect to the existing companies with such a structure, whether or not these companies are controlled by Chinese parties. Moreover, it is uncertain whether the internet and online sales of lottery products, in which BI China's entities operate, will be subject to the foreign investment restrictions or prohibitions set forth in the "negative list" to be issued. If the enacted version of the Foreign Investment Law and the final "negative list" mandate further actions, such as Ministry of Commerce market entry clearance, to be completed by companies with existing structures, BI China will face uncertainties as to whether such clearance can be timely obtained, or at all.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact the corporate governance practice and increase BI China's compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

***The 2006 M&A Rules establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it difficult for BI China to pursue growth through acquisitions in China.***

The 2006 M&A Rules include provisions that purport to require approval of the Ministry of Commerce for acquisitions by offshore entities established or controlled by domestic companies, enterprises or natural persons of onshore entities that are related to such domestic companies, enterprises or natural persons, and prohibit offshore entities from using their foreign-invested subsidiaries in China, or through "other means," to circumvent such requirement. As part of BI China's growth strategy, it obtained control over Hulian Xincui and NewNet by entering into contractual arrangements with PRC nationals to create the wholly foreign-owned enterprise ("WFOE") legal structure. BI China did not seek the approval of the Ministry of Commerce for those transactions based on the legal advice obtained from PRC legal counsel in those transactions that such approval was unnecessary. However, the 2006 M&A Rules also prohibit companies from using any "other means" to circumvent the approval requirement set forth therein and there is no clear interpretation as to what constitutes "other means" of circumvention of the requirement under the 2006 M&A Rules. The Ministry of Commerce and other applicable government authorities would therefore have broad discretion in determining whether an acquisition is in violation of the 2006 M&A Rules. If PRC regulatory authorities take a view that is contrary to that of BI China, severe penalties may be imposed. In addition, BI China may grow its business, in part, by acquiring complementary businesses in China. If required to obtain the approval from the Ministry of Commerce, completion of such transaction may be delayed or even inhibited. The ability to expand BI China's business or maintain or expand market share through future acquisitions would as such be materially and adversely affected.



In addition, in August 2011 the Ministry of Commerce issued the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the MOFCOM Security Review Rules. The MOFCOM Security Review Rules, effective from September 1, 2011, require certain merger and acquisition transactions to be subject to merger control review or security review. The MOFCOM Security Review Rules further provide that, when deciding whether a specific merger or acquisition of a PRC enterprise by foreign investors is subject to the security review by the Ministry of Commerce, the principle of substance over form should be applied and foreign investors are prohibited from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision in the MOFCOM Security Review Rules stating that BI China's business falls into the scope subject to the security review. However, as these rules are relatively new and there is a lack of clear statutory interpretation on the implementation of these new rules, there can be no assurance that the Ministry of Commerce will not apply these rules to the contractual arrangements with Hulan Xincui and NewNet.

If found to be in violation of the MOFCOM Security Review Rules, or upon a failure to obtain any required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations against BI China, including levying fines, confiscating income, revoking BI China's PRC contractually controlled entities' business or operating licenses or requiring BI China to restructure or unwind the relevant ownership structure or operations. Any of these actions could cause significant disruption to BI China's business operations and may materially and adversely affect its business, financial condition and results of operations. Further, if the business of any target company being sought for acquisition in the future falls into the ambit of security review, complying with the requirements of the relevant rules could be prohibitively time consuming or legally prohibited, either by equity or asset acquisition, capital contribution or through any contractual arrangement, which could have a material and adverse impact on the ability to expand BI China's business or maintain its market share.

***Governmental control of currency conversion may affect the value of BI China's business.***

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of foreign currency out of China. All of BI China's revenues are received in Renminbi. Going forward, under the current corporate structure, BI China's principal source of income is expected to be from dividend payments to BI China from Beijing Brookfield. Shortages in the availability of foreign currency may restrict the ability of Beijing Brookfield to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy their foreign currency-denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents BI China from obtaining sufficient foreign currency to satisfy its currency demands, it may be unable to pay dividends in foreign currencies to BI China shareholders.

***Fluctuations in exchange rates of the Renminbi could materially affect financial results.***

The exchange rates between the Renminbi and the British pound and other foreign currencies are affected by, among other things, changes in China's political and economic conditions. The People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policy goals.

As BI China may rely on dividends and other fees paid to it by Beijing Brookfield and affiliated consolidated entities in China, any significant revaluation of the Renminbi may materially and adversely affect cash flows, net revenues, earnings and the financial position, and the value of BI China.

***BI China's results or financial performance may be adversely affected by inflation in China.***

In the past China has experienced substantial rates of inflation. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets in China. Furthermore, in an attempt to stabilize inflation, China has previously imposed price controls. Past governmental efforts to curb inflation have also involved more drastic economic measures which had a materially adverse effect on the level of economic activity. There can be no assurance that the PRC will be able to continue to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on results or financial performance.

***BI China's operations may be adversely affected by changes in China's political, economic and social conditions.***

Substantially all of BI China's assets and operations are located in China. Accordingly, its business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industrial development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decade, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on BI China. For example, the financial condition and results of operations of BI China may be adversely affected by government control over capital investments or changes in tax regulations. In the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect BI China's business and operating results. Any significant increase in China's inflation rate could increase costs and have a negative impact on operating margins. In addition, any sudden changes to China's political system or the occurrence of widespread social unrest could have negative effects on BI China's business and results of operations.

***Regulation and censorship of information disseminated over the internet in China may adversely affect BI China's business, and may cause liability for content that is displayed on any of its websites.***

China has enacted laws and regulations governing internet access and the distribution of products, services, news, information, audio-video programs and other content through the internet. In the past, the PRC government has prohibited the distribution of information through the internet that it deems to be in violation of PRC laws and regulations. If any of BI China's internet information were deemed by the PRC government to violate any content restrictions, BI China would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could

materially and adversely affect the business, financial condition and results of operations of BI China. BI China may also be subjected to liability for any unlawful actions of its customers or users of its website or for content distributed by BI China that is deemed inappropriate. It may be difficult to determine the type of content that may result in liability, and if BI China is found to be liable, it may be prevented from operating any of its website in China.

***Discontinuation of preferential tax treatments currently enjoyed or other unfavorable changes in tax law could result in additional compliance obligations and costs.***

Operating in the high-technology and software industry, one of BI China's operating entities in China enjoys the preferential tax treatment according to the prevailing PRC tax laws. Such PRC subsidiaries may, if the relevant requirements are met, qualify for high and new technology enterprises specially supported by the PRC. For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. The discontinuation of the preferential tax treatment currently enjoyed could materially and adversely affect the financial condition and results of operations of BI China.

***Under the EIT Law, BI China may be classified as a "resident enterprise" of China. Such classification would likely result in unfavorable tax consequences.***

Under the enterprise income tax law ("**EIT Law**"), which has been revised effective as of February 24, 2017, and its implementation rules, (the "**Implementation Rules**"), which became effective on January 1, 2008, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a resident enterprise and is subject to enterprise income tax, or EIT, at the rate of 25% on its global income. The Implementation Rules define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with its "de facto management bodies" located within China if the following criteria are satisfied: (i) the place where the senior management and core management departments that are in charge of its daily operations perform their duties is mainly located in the PRC; (ii) its financial and human resources decisions are made by or are subject to approval by persons or bodies in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (iv) more than half of the enterprise's directors or senior management with voting rights frequently reside in the PRC.

Currently, it is not believed that either BI China (Brookfield Interactive (Hong Kong) Limited) or Beijing Brookfield (Beijing Brookfield Interactive Science & Technology Co. Limited) meets all of the criteria above. While, based on the opinion of BI China's PRC counsel, Global Law Office, BI China has been advised that none of its entities incorporated outside of China is a PRC resident enterprise for PRC tax purposes, if the PRC authorities were to subsequently determine that BI China should be so treated, a 25% EIT on BI China's global income could significantly increase BI China's tax burden and materially and adversely affect its financial condition and results of operations.

Pursuant to the EIT Law, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors will be subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement and provided that relevant tax authorities approved the foreign investors as the beneficial owners of such dividends under applicable tax regulations. Substantially all of BI China's income may come from dividends from Beijing Brookfield, through its holding company incorporated under the laws of Hong-Kong, Brookfield Interactive (Hong Kong) Limited. In accordance with Announcement of the State Administration of Taxation on the Entry into Force and Implementation of the Agreement between the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains and the Protocol thereto entered into in June 2011, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a U.K. resident enterprise is determined by the relevant PRC tax authority to have satisfied the relevant conditions and requirements under the Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the U.K. resident enterprise receives from a PRC resident enterprise may be reduced to 5%. To the extent dividends paid by Beijing Brookfield to Brookfield Interactive (Hong Kong) Limited are subject to withholding tax, the amount of funds available to BI China to meet cash requirements will be reduced.

Furthermore, the State Administration of Taxation promulgated the Announcement of the State Administration of Taxation on Issues concerning “Beneficial Owners” in Tax Treaties in February 2018, or Beneficial Owners Announcement, which provides guidance for determining whether a resident of a contracting state is the “beneficial owner” of an item of income under China’s tax treaties and tax arrangements. According to the Beneficial Owners Announcement, a beneficial owner generally must be engaged in substantive business activities. An agent or designated payees will not be regarded as a beneficial owner and, therefore, will not qualify for treaty benefits. If BI China and Beijing Brookfield are not considered resident enterprises, there is no assurance that dividends distributed to Brookfield Interactive (Hong Kong) Limited will be eligible for a reduced withholding tax rate under the applicable treaty.

***Dividends payable to BI China’s foreign parent company after the Business Combination may become subject to taxes under PRC tax laws.***

Under the EIT Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Furthermore, if BI China is deemed a PRC resident enterprise, dividends payable to a parent company that is not a PRC entity may be subject to PRC tax at a rate of 10%, subject to any reduction or exemption set forth in applicable tax treaties. If dividends payable to BI China’s non-PRC parent company after the Business Combination are subject to PRC tax, the value of an investment in BI China may be reduced.

***BI China faces uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by its non-PRC holding companies.***

The PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of certain taxable assets, including, in particular, equity interests in a PRC resident enterprise, by a non-resident enterprise by promulgating and implementing Circular 59 and Circular 698, which became effective in January 2008, and a Circular 7 in replacement of some of the existing rules in Circular 698, which became effective in February 2015.

Under Circular 698, where a non-resident enterprise conducts an “indirect transfer” by transferring the equity interests of a PRC “resident enterprise” indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, may be subject to PRC enterprise income tax, if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes. As a result, gains derived from such indirect transfer may be subject to PRC tax at a rate of up to 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the



taxable income of the transaction.

In February 2015, the State Administration of Taxation issued Circular 7 to replace the rules relating to indirect transfers in Circular 698. Circular 7 has introduced a new tax regime that is significantly different from that under Circular 698. Circular 7 extends its tax jurisdiction to not only indirect transfers set forth under Circular 698 but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, Circular 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Circular 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise.

BI China faces uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in BI China by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request BI China’s PRC subsidiaries to assist in the filing. As a result, BI China and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed, under Circular 59 or Circular 698 and Circular 7, and may be required to expend valuable resources to comply with Circular 59, Circular 698 and Circular 7 or to establish that they should not be taxed under these circulars, which may have a material adverse effect on their financial condition and results of operations.

The PRC tax authorities have the discretion under SAT Circular 59, Circular 698 and Circular 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. While currently, BI China has no plans to pursue any acquisitions in China or elsewhere in the world, it may seek to pursue acquisitions in the future that may involve complex corporate structures. If BI China is considered a non-resident enterprise under the PRC Enterprise Income Tax Law and if the PRC tax authorities make adjustments to the taxable income of the transactions under SAT Circular 59 or Circular 698 and Circular 7, BI China’s income tax costs associated with such potential acquisitions will be increased, which may have an adverse effect on its financial condition and results of operations.

***A failure by shareholders or beneficial owners who are PRC citizens or residents in China to comply with certain PRC foreign exchange regulations could restrict BI China’s ability to distribute profits, restrict overseas and cross-border investment activities or subject it to liability under PRC laws, which could adversely affect its business and financial condition.***

In July 2014, SAFE, issued the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Overseas Investment Financing and Roundtrip Investments via Overseas Special Purpose Companies, or SAFE Circular 37, which annulled the previously applicable Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles, or SAFE Circular 75. SAFE Circular 37 states that the PRC institutes, citizens or residents must register with the relevant local SAFE branch or central SAFE in connection with their direct establishment or indirect control of an offshore entity established with their domestic enterprise's legal assets or equity or overseas legal assets or equity for the purpose of investment and financing, and in connection with a roundtrip investment, whereby the PRC institutes, citizens or residents engage in direct investment activities domestically through the offshore entity directly or indirectly, that is establishment of foreign investment enterprises or projects domestically through setting up new enterprise or merger and acquisition and obtain the ownership, right of control and right of operation and management and other rights and interests. In addition, such PRC institutes, citizens or residents must apply for the registration of the overseas investment foreign exchanges before they invest in the special purpose companies with their domestic legal assets and interests, and amend their SAFE registrations when the offshore special purpose companies undergoes material events, such as the change of their shareholders, names, operation period and other basic information, or their increases or decreases in investment amount, transfers or exchanges of shares, mergers or divisions, or other material events, or offering equity incentive to the directors, supervisors, senior management and other employees with the equity or option of the non-listed special purpose companies, or obtaining the profit, dividend from the special purpose companies or no-longer holding the rights and interests of the special purpose companies due to share transfer, bankruptcy, dissolution, liquidation, expiration of the operation period, change of identity and other reasons or transferring the financing fund back inland after the special purpose companies has completed the overseas financing.

BI China is committed to complying, and to ensuring that its shareholders and beneficial owners who are PRC citizens or residents comply, with SAFE Circular 37 requirements and has requested that its beneficial owners who are PRC residents to complete the registration under SAFE Circular 37, if applicable. However, BI China may not be fully informed of the identities of all its beneficial owners who are PRC citizens or residents, and therefore will not have the ability to compel beneficial owners to comply with SAFE Circular 37 requirements. As a result, it cannot be assured that all BI China shareholders or beneficial owners who are PRC citizens or residents have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE Circular 37 or other related regulations. Failure by such shareholders or beneficial owners to comply with SAFE Circular 37, or failure by BI China to amend the foreign exchange registrations of its PRC subsidiaries, could subject BI China to fines or legal sanctions, restrict its overseas or cross-border investment activities, limit the ability of Beijing Brookfield to make distributions or pay dividends or affect the BI China ownership structure, which could adversely affect its business and prospects.

***A failure to comply with PRC regulations regarding the registration of shares and share options held by BI China employees who are PRC citizens may subject such employees and/or BI China to fines, legal and administrative sanctions.***

BI China intends to establish a share incentive scheme which would make grants to BI China employees who are residents of the PRC. BI China is aware that on February 15, 2012, SAFE promulgated the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies, or the Share Option Rules, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Share Ownership Plans or Share Option Plans of Overseas Publicly-Listed Companies issued by SAFE on March 28, 2007. Under the Share Option Rules and other relevant rules and regulations, PRC residents who participate in share incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a share incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the share incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options, the purchase and sale of corresponding shares or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the share incentive plan if there is any material change to the share incentive plan, the PRC agent or the overseas entrusted institution or other material changes. As of the date of this registration statement, BI China is discussing with its legal representatives the proper way to apply for registration with the Beijing branch of SAFE pursuant to the Share Option Rules. See “Description of the Business of BI China — Regulation — Regulations on Foreign Exchange.”

***Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject BI China to penalties.***

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of BI China employees up to a maximum amount specified by the local government from time to time at locations where BI China operates. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. BI China's PRC operating entities incorporated in various locations in China have not made adequate employee benefit payments and BI China has recorded accruals for estimated underpaid amounts in its financial statements. It may be required to make up the contributions for these plans as well as to pay late fees and fines. If BI China is subject to late fees or fines in relation to the underpaid employee benefits, its financial condition and results of operations may be adversely affected.

***BI China could be adversely affected by violations of applicable anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010.***

Anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, generally prohibit directly or indirectly giving, offering, or promising anything of value to improperly induce the recipient to act, or refrain from acting, in a manner that would confer a commercial advantage. The anti-bribery provisions of the U.S. Foreign Corrupt Practices Act generally prohibit directly or indirectly giving, offering or promising an inducement to a public official (broadly interpreted) to corruptly influence the official's actions in order to obtain a commercial advantage. The U.K. Bribery Act of 2010 prohibits both domestic and international bribery, as well as bribery in both the private and public sectors. In addition, an organization that "fails to prevent bribery" by anyone associated with the organization may be charged under the U.K. Bribery Act unless the organization can establish the defense of having implemented "adequate procedures" to prevent bribery. BI China has adopted and implemented policies and procedures designed to ensure that those involved in the marketing, sale, and distribution of its products are both aware of these legal requirements and committed to complying therewith. However, it cannot be assured that these policies and procedures will protect BI China from potentially illegal acts committed by individual employees or agents. If BI China is found to be liable for anti-corruption law violations, it could be subject to criminal or civil penalties or other consequences that could have a material adverse effect on its business and financial condition.

***We identified material weaknesses in connection with our internal control over financial reporting. Although we are taking steps to remediate these material weaknesses, we may not be successful in doing so in a timely manner, or at all, and we may identify other material weaknesses.***

In connection with the audits of our consolidated financial statements for the years ended December 31, 2017 and 2016, our management and independent auditors identified material weaknesses in our internal control over financial reporting. The material weaknesses related to (i) our lack of a sufficient number of personnel with an appropriate level of knowledge and experience in the application of International Financial Reporting Standards as issued by the International Accounting Standards Board, commensurate with our financial reporting requirements and (ii) the fact that policies and procedures with respect to the review, supervision and monitoring of our accounting and reporting functions were either not designed and in place or not operating effectively. As a result, numerous adjustments to our consolidated financial statements were identified and made during the course of the audit.

We are currently not required to comply with Section 404 of the Sarbanes-Oxley Act as a private company, and are therefore not required to make an assessment of the effectiveness of our internal control over financial reporting. Further, our independent auditor has not been engaged to express, nor have they expressed, an opinion on the effectiveness of our internal control over financial reporting. Had we and our independent auditor performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional control deficiencies may have been identified by our management or independent auditor, and those control deficiencies could have also represented one or more material weaknesses. In an effort to remediate the material weakness, we plan to combine our finance and accounting personnel with the other parties in the transaction, and as part of that combined business will have in place a Chief Financial Officer with public company experience.

Assessing our procedures to improve our internal control over financial reporting is an ongoing process. We can provide no assurance that our remediation efforts described herein will be successful and that we will not have material weaknesses in the future. Any material weaknesses we identify could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our consolidated financial statements.

***BNN's independent auditor's report contains an explanatory paragraph that expresses substantial doubt about BNN's ability to continue as a "going concern."***

As of June 30, 2018, BNN had incurred a loss for the period of £9.2 million, had negative cash flows from operations of £14.4 million, and an accumulated deficit of £91.5 million. Cash and cash equivalents was £9.7 million at June 30, 2018. Further, BNN has incurred and expects to continue to incur significant costs in pursuit of its operating plans. BNN management's plans to address this need for capital are discussed in the section of this report titled "*Operating and Financial Review and Prospects of BNN*" and Note 2 to its interim condensed consolidated financial statements as at and for the six month period ended June 30, 2018. BNN cannot assure you that its plans will be successful. These factors, among others, raise substantial doubt about BNN's ability to continue as a going concern. The financial statements contained elsewhere in this report do not include any adjustments that might result from BNN's inability to continue as a going concern.

## RISK FACTORS RELATED TO PARAGONEX

## **Risks Related to the ParagonEx Business**

*The revenue and profitability of ParagonEx are influenced by trading volume and currency volatility, which are directly impacted by domestic and international market and economic conditions that are beyond the control of ParagonEx.*

During recent years, there has been significant disruption and volatility in the global financial markets. ParagonEx's revenue is influenced by the general level of trading activity in the global financial markets. Its revenue and operating results may vary significantly from period to period due primarily to movements and trends in the world's financial markets and to fluctuations in trading levels. ParagonEx has generally experienced greater trading volume in periods of volatile markets. In the event ParagonEx experiences lower levels of market volatility, its revenue and profitability will likely be negatively affected. In addition, the End Users of the brokerage firms which operate and offer ParagonEx's trading platform (which ParagonEx refers to as its B2B customers) are primarily individual retail customers who view trading in the markets which ParagonEx offers as an alternative investment class. If global economic conditions limit the disposable income of its customers, the business of ParagonEx could be materially adversely affected as its customers may choose to curtail their trading, which could result in reduced customer trading volume and trading revenue.

Like other financial services firms, the business and profitability of ParagonEx are directly affected by elements that are beyond its control, such as economic and political conditions, broad trends in business and finance, changes in the volume of market transactions, changes in supply and demand for currencies, movements in currency exchange rates, changes in the financial strength of market participants, legislative and regulatory changes, changes in the markets in which such transactions occur, changes in how such transactions are processed and disruptions due to terrorism, war or extreme weather events. Any one or more of these factors, or other factors, may adversely affect the business and results of operations and cash flows of ParagonEx. A weakness in equity markets could result in reduced trading activity by ParagonEx's B2B customers and their End Users and, therefore, could have a material adverse effect on its business, financial condition and results of operations and cash flows. As a result, period-to-period comparisons of operating results may not be meaningful and the future operating results of ParagonEx may be subject to significant fluctuations or declines.

***The trading activities of ParagonEx involve significant risks and unforeseen events that could have a material adverse effect on its business, financial condition, results of operations and cash flows.***

ParagonEx offers the End Users of its B2B customers access to a wide array of products, including Forex, CFDs, spread bets, futures, commodities, stocks, OTC currency derivatives and gold and silver spot trading products. The trading activities by ParagonEx in these various products involve significant risks.

The principal sources of revenues and profits of ParagonEx arise from the difference between the prices at which it buys and sells, or sells and buys, the assets underlying its trading products. ParagonEx may incur trading losses for a variety of reasons, including:

price changes;

lack of liquidity in the underlying asset in which ParagonEx has positions; and



inaccuracies in the ParagonEx proprietary pricing mechanism, or rate engine, which evaluates, monitors and assimilates market data and reevaluates its outstanding quotes, and is designed to publish prices reflective of prevailing market conditions throughout the trading day.

These risks may affect the prices at which ParagonEx is able to sell or buy such assets or may limit or restrict its ability to either resell an asset that it has purchased or repurchase an asset that it has sold.

In addition, competitive forces often require ParagonEx to match the breadth of quotes which competitors display and to hold varying amounts and types of assets at any given time. By having to maintain positions in certain assets, ParagonEx is subjected to a high degree of risk. ParagonEx may not be able to manage such risk successfully and may experience significant losses from such activities, which could have a material adverse effect on its business, financial condition, results of operations and cash flows.

These risks include market risk, counterparty risk, liquidity risk, technology risk, third-party risk and risk of human error. In addition, unexpected events can occur that can result in great financial loss to ParagonEx, including its inability to effectively integrate new products into existing trading platforms or the failure by ParagonEx to properly manage the market risks associated with making markets for new products. The profit margins for these products may not be similar to the profit margins historically realized with respect to forex trading.

Furthermore, the consideration payable to ParagonEx for trading on its software platform and supply of its ancillary services is dependent upon the B2B customers' ability to pay this consideration from its End Users – further exposing ParagonEx to the credit risks of each such B2B customer.

***Closure of a major B2B customer due to regulatory or other reasons will likely have a material adverse effect on ParagonEx's business, financial condition, results of operation and cash flow.***

ParagonEx's is reliant on a relatively small number of major B2B customers from which it derives the vast majority of its revenue and net income. The shutdown or suspension of operations of any one or more such major B2B customer, whether due to regulatory or other reasons, will therefore likely have a material adverse effect on ParagonEx's business, financial condition, results of operation and cash flow.

***Any disruption or corruption of the proprietary technology belonging to ParagonEx could have a material adverse effect on its business, financial condition and results of operations and cash flows.***

ParagonEx relies on its proprietary technology to receive and properly process internal and external data. Any disruption in the proper functioning or any corruption of ParagonEx software or erroneous or corrupted data may cause it to make erroneous trades or require ParagonEx to suspend services, any of which could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.

***Systems failures could cause interruptions in ParagonEx services or decreases in the responsiveness of ParagonEx services, which could harm its business.***

If the ParagonEx systems fail to perform, ParagonEx could experience disruptions in operations, slower response times or decreased customer satisfaction. The ability of ParagonEx to facilitate transactions successfully and provide high quality customer service depends on the efficient and uninterrupted operation of its computer and communications hardware and software systems. These systems have historically experienced periodic interruptions and disruptions in operations, which is believed to continue to occur from time to time. The ParagonEx systems are also vulnerable to damage or interruption from human error, natural disasters, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. ParagonEx does not have fully redundant capabilities nor does it maintain an alternative disaster-recovery site. While ParagonEx currently maintains a disaster recovery plan (“**DRP**”), which is intended to minimize service interruptions and secure data integrity, the **DRP** may not work effectively during an emergency. Any systems failure that causes an interruption in ParagonEx’s services or decreases the responsiveness of ParagonEx’s services could impair its reputation, damage its brand name and materially adversely affect ParagonEx’s business, financial condition and results of operations and cash flows.

***ParagonEx may not be able to develop and adopt new technologies in a timely fashion, which could adversely impact its ability to compete in the markets in which ParagonEx operates.***

The success of ParagonEx in the past has largely been attributable to its proprietary technology that has taken many years to develop. If competitors develop more advanced technologies, ParagonEx may be required to devote substantial resources to the development of more advanced technology to remain competitive. The industry within which ParagonEx operates is characterized by rapidly changing technology, evolving industry standards and changing trading systems, practices and techniques. ParagonEx may not be able to keep up with these rapid changes in the future, develop new technology, realize a return on amounts invested in developing new technologies or remain competitive in the future.

***Security breaches and other disruptions could compromise information and cause exposure to potential liability, which would cause the business and reputation of ParagonEx to suffer.***

In the ordinary course of its business, ParagonEx collects and stores sensitive data, including intellectual property, proprietary business and customer information, and personally identifiable information of B2B customers, End Users and employees, in data centers and on ParagonEx networks. Therefore, it must comply with data protection laws and regulations applicable to its activities, and may be subject to data protection authorities seeking to assert authority over it if such authorities deem such activities to be taking place within their jurisdiction. In addition, the secure processing, maintenance and transmission of this information is critical to the operations of ParagonEx. Despite its security measures, ParagonEx has, from time to time, experienced third-party cyberattacks as well as unintentional errors that can damage ParagonEx's systems or expose sensitive information. Further, ParagonEx information technology and infrastructure may be vulnerable to future attacks by hackers or compromised due to employee error, malfeasance or other disruptions, such as "distributed denial of service" or similar cyberattacks. Any such event could compromise ParagonEx's networks and the information stored there could be accessed, publicly disclosed, lost or stolen.

While liability for known past events has not been material to ParagonEx's business, financial condition, results of operations or cash flows, any such access, disclosure or other loss of information could result in future legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption of operations and services provided to customers, damage to the ParagonEx reputation or a loss of confidence in its products and services, any of which could adversely affect the business, financial condition, results of operations and cash flows of ParagonEx. ParagonEx does not currently maintain cyber risk insurance, and even if such insurance is obtained following the completion of the transactions contemplated by this registration statement it may not be sufficient to cover all losses from any future breaches of ParagonEx systems.

***Products linked to cryptocurrencies could expose ParagonEx to technology, regulatory and financial risks.***

ParagonEx has recently begun offering derivative products linked to Bitcoin and other cryptocurrencies in certain jurisdictions, and intends to expand the types of products offered, the associated types of cryptocurrencies and the jurisdictions in which the products are offered. The distributed ledger technology underlying cryptocurrencies and other similar financial assets is evolving at a rapid pace and may be vulnerable to cyberattacks or have other inherent weaknesses that are not yet apparent. ParagonEx may be, or may become, exposed to risks related to cryptocurrencies or other financial products that rely on distributed ledger technology through the facilitation of clients' activities involving such financial products linked to distributed ledger technology.

There is currently no broadly accepted regulatory framework for Bitcoin or other cryptocurrencies, and the regulation of cryptocurrencies is developing and changing rapidly in the United States and other countries around the world. For example, in the United States, it is unclear whether many cryptocurrencies are “securities” under federal securities laws, and the implications for ParagonEx if any of ParagonEx’s products are linked to cryptocurrencies that are determined to be securities could be significant and adverse. In addition, some market observers have asserted that recent price increases in many cryptocurrency markets, such as that for Bitcoin, indicate the existence of a “bubble,” and if markets for any cryptocurrencies linked to products suffer severe declines, ParagonEx’s B2B customers and End Users could experience significant losses and their business could be lost.

***ParagonEx may not be able to protect its intellectual property rights or may be prevented from using intellectual property necessary for its business.***

ParagonEx relies on a combination of copyright and trade secrets in jurisdictions in which ParagonEx operates to protect proprietary technology and intellectual property rights belonging to ParagonEx. ParagonEx does not have any patents or registered trademarks, which might adversely affect its ability to defend against technologies that mimic the features and functionality of ParagonEx proprietary platform as well as to protect its brands. While access to proprietary technology is rigorously controlled, and confidentiality and invention assignment agreements with ParagonEx employees, consultants and other third parties are entered into, it is possible that third parties may copy or otherwise obtain and use proprietary technology belonging to ParagonEx without authorization or otherwise infringe on the rights of ParagonEx. Such unauthorized use and infringement would undermine the competitive benefits offered by this proprietary technology and could adversely impact the business and results of operations and cash flows of ParagonEx.

ParagonEx also licenses or is permitted to use intellectual property, data or technologies owned by others, including stock exchanges. There is no assurance that these intellectual property rights, data or technologies will continue to be available on the same or commercially reasonable terms. Additionally, in the event such intellectual property or technology becomes material to the ParagonEx business, the loss of such licenses or the inability of ParagonEx to otherwise continue to use such technologies would have a material adverse effect on the ParagonEx business. ParagonEx may also face claims of infringement that could interfere with its ability to use technology that is material to its business operations.

***ParagonEx may face claims of infringement or misappropriation of intellectual property rights of third parties, which could expose ParagonEx to significant litigation expenses, losses or licensing expenses.***

ParagonEx did not conduct patent searches in order to ensure that it does not infringe any patents of third parties nor can it ensure that all its software developers did not infringe third parties’ intellectual property rights while developing ParagonEx’s proprietary platform. Intellectual property infringement claims might result in costly and time-consuming

litigation, expose ParagonEx to substantial damages or license fees with respect to the infringed rights and ultimately even require ParagonEx to cease using some or all of its proprietary platform or redesign it.

***ParagonEx has incorporated certain software components into its mobile applications that are subject to open source licenses and might require it to disclose certain proprietary source code.***

ParagonEx's mobile applications include software components licensed under open source licenses. Some open source licenses could require ParagonEx, under certain circumstances, to license or disclose code or inventions that are included in the mobile applications and may also expose ParagonEx to increased litigation risk.

***The requirements of the new European Union General Data Protection Regulations (GDPR) came into force in May 2018. If ParagonEx fails to comply with such regulations, it may be unable to offer its services to End Users in the European Union.***

The requirements of the new General Data Protection Regulations (“**GDPR**”) of the European Union (“**EU**”) came into force in May 2018. Data ‘controllers’ and ‘processors’, as defined by the GDPR, who process personal data of subjects in the EU, regardless of where the data is held or processed, will have to comply with these regulations. The GDPR has a significant effect on a company’s privacy and data protection practices, as it introduces various changes to how personal information should be collected, maintained, processed and secured. Non-compliance with the GDPR may result in fines of up to €20 million or 4% of ParagonEx’s annual global turnover, and ParagonEx will be particularly exposed to enforcement action in light of the amount of End User data it holds and processes. A company could also be subject to private litigation and loss of customer goodwill and confidence.

In its B2B operations, ParagonEx primarily acts as a ‘data processor’ and relies on its B2B customers to collect personal data from its End Users only in accordance with applicable consents or other lawful grounds. In its capacity as a data processor, ParagonEx processes a large quantity of personal End User data, including sensitive data such as name, address, age, bank details and trading history. Such data could be wrongfully accessed or used by employees, customers, suppliers of third parties, or lost, disclosed or improperly processed in breach of data protection regulations.

ParagonEx has undergone a robust and risk-oriented GDPR-preparation project, pursuant to a designated GDPR gap analysis that was prepared for that purpose. As part of such project, ParagonEx mapped the personal data lifecycle of the organization, including how personal data of EU-based End Users and EU employees is collected, stored, secured and shared with third parties. ParagonEx subsequently drafted applicable internal policies and procedures to address the various GDPR requirements, reviewed necessary product and IT implementations, put in place adequate contractual measures with respect to sharing data with third parties, appointed an external data protection officer, and more.

However, GDPR requires compliance with various national data protection laws governing the collection, use and disclosure of personal data in all countries in which ParagonEx’s B2B customers operate, and ParagonEx’s endeavors in the matter, despite being comprehensive and systematic, may not be completely successful. If ParagonEx is not fully compliant with the new EU GDPR, it may have a material adverse effect on its long-term success.

***Attrition of customer accounts and failure to attract new accounts in a cost-effective manner could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.***

The ParagonEx customer base is comprised of a few B2B customers that account for the generation of substantially all trading activity on ParagonEx's platform. Although products and tailored services designed to enable B2B customers to educate, support and retain End Users are offered, efforts to attract new B2B customers and to support its existing B2B customer in reducing the attrition rate of their existing End Users may not be successful. If ParagonEx's B2B customers are unable to maintain or increase End User retention rates or generate a substantial number of new End Users in a cost-effective manner, ParagonEx's business, financial condition and results of operations and cash flows would likely be adversely affected. Although significant financial resources on sales and marketing expenses and related expenses have been expended and ParagonEx plans to continue to do so, these efforts may not be cost-effective at attracting new B2B customers. In particular, ParagonEx believes that rates for desirable advertising and marketing placements, including online, search engine, print and television advertising, are likely to increase in the foreseeable future, possibly placing ParagonEx's B2B customers at a disadvantage relative to its larger competitors in its ability to expand or maintain advertising and marketing commitments. If ParagonEx's B2B customers do not achieve their advertising objectives, ParagonEx's profitability and growth may be materially adversely affected.



***ParagonEx is subject to litigation risk which could adversely affect ParagonEx's reputation, business, financial condition and results of operations and cash flows. ParagonEx's inactive Romanian subsidiary is under scrutiny as part of an industry-wide investigation held by Romanian law enforcement agencies. A class action has recently been filed against ParagonEx's Israeli subsidiary, Toyga, regarding supposed deficiencies in its disbursements toward employee pension funds.***

Although most of ParagonEx's business is not subject to regulatory oversight, many aspects of the business of ParagonEx involve risks that expose ParagonEx to potential liability in the jurisdictions in which it operates, as well as the rules and enforcement efforts of regulators and self-regulatory organizations worldwide. These risks include, among others, new or existing requirements made by regulators which ParagonEx fails to meet, disputes over trade terms with B2B customers and other market participants, End User losses (and consequently B2B customer losses) resulting from system delay or failure and End User and customer claims that ParagonEx employees executed unauthorized transactions, made materially false or misleading statements or lost or diverted End User assets in ParagonEx's custody. ParagonEx may also be subject to regulatory investigation and enforcement actions by regulators seeking to impose significant fines or other sanctions in the jurisdictions in which ParagonEx and its B2B customers operate or in which any End Users are located, which in turn could also trigger civil litigation for previous operations that may be deemed to have violated applicable rules and regulations in one or more jurisdictions.

The volume of claims and the amount of damages and fines claimed in litigation and regulatory proceedings against financial services firms has been increasing and may continue to increase. The amounts involved in the trades executed by ParagonEx, together with rapid price movements in its currency pairs, can result in potentially large damage claims in any litigation resulting from such trades. Dissatisfied End Users (directly or indirectly by bringing claims against the relevant B2B customers with whom they engaged), regulators or self-regulatory organizations may make claims against ParagonEx regarding the quality of trade execution, improperly settled trades, failure to obtain required regulatory approvals or licenses, mismanagement or even fraud, and these claims may increase as the ParagonEx business expands.

ParagonEx is already facing such risk in Romania, where it has come to ParagonEx's attention that its now-defunct subsidiary, Urom Support Srl ("**Urom**"), is apparently under investigation as part of a broad inquiry launched by Romanian law enforcement agencies across the entire online financial trading industry in the country. Thus far, no formal charges have been brought against Urom or, to ParagonEx's knowledge, against any of its officers, directors or affiliates. However, ParagonEx does not know the exact scope, extent, timeframe or objectives of the inquiry. If any further actions were to be taken as part of such inquiry or if its scope extends beyond the confines of the Romanian subsidiary, it might have a material adverse effect on ParagonEx or its affiliates despite Urom's impending expulsion from ParagonEx's corporate group.

Litigation may also arise from disputes over the exercise of the rights of ParagonEx with respect to B2B and End User customer accounts and collateral. Although ParagonEx agreements generally provide that ParagonEx may exercise rights with respect to B2B and End User customer accounts and collateral as ParagonEx deems reasonably necessary

for its protection, the exercise of these rights may lead to claims by customers that such rights were exercised improperly.

Litigation may also arise from various other corporate, commercial or employment disputes in which ParagonEx or its subsidiaries are or may become involved, including class actions which may be brought against them in Israel or abroad. Such risk recently materialized when a motion to approve a class action was filed with the Israeli regional labor court in Tel Aviv against Toyga Media Ltd. (“**Toyga**”), one of ParagonEx’s Israeli subsidiaries, by a former employee of ParagonEx who served as a customer retention representative. The motion asserts that since August 2011, Toyga has been making insufficient contributions to its employees’ pension funds by starting such contributions only after a certain period of time rather than from the first day of employment, and that Toyga further failed to make such contributions at the higher rates stipulated by a certain governmental extension order which allegedly applies to it. The motion further asserts that Toyga failed to consider sales commissions as part of the employees’ wages for purposes of calculating the pension contributions, resulting in an additional deficiency in such contributions. The class action is for a total amount of NIS 46,802,700, or approximately \$13.0 million as of December 31, 2018. Toyga has been granted an extension to file its response to the motion to allow the parties to exhaust discussions regarding a possible settlement, and a preliminary hearing in the case is set for April 11, 2019.

ParagonEx may also have to rely on litigation to enforce intellectual property rights, protect trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Even if ParagonEx prevails in any litigation or enforcement proceedings against it, ParagonEx could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even claims without merit can damage ParagonEx's reputation or raise concerns among ParagonEx's B2B customers and End Users, ParagonEx may feel compelled to settle claims at significant cost. The initiation of any claim, proceeding or investigation against ParagonEx, or an adverse resolution of any such matter, could have a material adverse effect on the ParagonEx reputation, business, financial condition and results of operations and cash flows.

***ParagonEx may be subject to customer litigation, financial losses, regulatory sanctions and harm to its reputation as a result of employee misconduct or errors that are difficult to detect and deter.***

There have been a number of highly publicized cases involving fraud or other misconduct by financial services firms and their employees in recent years. ParagonEx employees could open new accounts without following appropriate proceedings, execute unauthorized transactions for End Users of ParagonEx's B2B customers, use their assets improperly or without authorization, carry out improper activities on behalf of such customers, make false or partial representations to End Users, provide services to End Users in a manner that is prohibited or without the appropriate licenses, or use confidential customer or company information for personal or other improper purposes, as well as improperly record or otherwise try to hide improper activities from ParagonEx. Further, in instances where ParagonEx B2B customers fail to comply with applicable regulation, regulators and End Users may attempt to make a claim against ParagonEx for providing the platform for execution of transactions that caused such violations. ParagonEx cannot assure you that ParagonEx would not be held responsible for breaches or violations by its B2B customers. Employees' misconduct exposes ParagonEx to the risk of material losses and regulatory sanctions.

In addition, employee errors, including mistakes in executing, recording or reporting transactions for End Users, may cause ParagonEx to enter into transactions that End Users disavow and refuse to settle. Employee errors expose ParagonEx to the risk of material losses until the errors are detected and the transactions are unwound or reversed. The risk of employee error or miscommunication may be greater for products that are new or have non-standardized terms. Further, such errors may be more likely to occur following any acquisitions during the integration of or migration from technological systems. Misconduct by ParagonEx employees or former employees could subject ParagonEx to financial losses or regulatory sanctions and seriously harm ParagonEx's reputation.

It may not be possible to detect or deter employee misconduct, and the precautions taken to prevent and detect this activity may not be effective in all cases. ParagonEx's employees may also commit good faith errors that could subject ParagonEx to financial claims for negligence or otherwise, as well as regulatory actions.

Misconduct by employees of ParagonEx's B2B customers can also cause exposure to claims for financial losses or regulatory proceedings when it is alleged ParagonEx or its employees knew or should have known that an employee of a ParagonEx B2B customer was not authorized to undertake certain transactions or made false representations to End Users. Dissatisfied End Users or B2B customers can make claims against ParagonEx, including claims for negligence, fraud, unauthorized trading, failure to supervise, breach of fiduciary duty, employee errors, intentional misconduct, unauthorized transactions by persons associated with ParagonEx or failures in the processing of transactions.

***End User accounts may be vulnerable to identity theft and credit card fraud.***

Credit card issuers have adopted credit card security guidelines as part of their ongoing efforts to prevent identity theft and credit card fraud. ParagonEx continues to work with credit card issuers to ensure that ParagonEx services, including End User account maintenance, comply with these rules. When there is unauthorized access to credit card data that results in financial loss, there is the potential that ParagonEx could experience reputational damage and parties could seek damages.

***If ParagonEx reputation is harmed, or the reputation of the online financial services industry as a whole is harmed, the business, financial condition and results of operations and cash flows of ParagonEx may be materially adversely affected.***

The ability of ParagonEx to attract and retain employees and B2B customers and the ability of its B2B customers to attract and retain End Users may be adversely affected if ParagonEx's reputation is damaged. If ParagonEx fails, or appears to fail, to deal with issues that may give rise to reputation risk, the business prospects of ParagonEx could be materially adversely affected. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering, privacy, client data protection, record keeping, sales and trading practices, and the proper identification of the legal, credit, liquidity, and market risks inherent in ParagonEx's business. Failure to appropriately address these issues could also give rise to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against ParagonEx or subject it to regulatory enforcement actions, fines and penalties. Any such sanctions could materially adversely affect ParagonEx's reputation, thereby reducing the ability of ParagonEx to attract and retain employees and B2B customers and, in turn, the ability of its B2B customers to retain End Users.

In addition, ParagonEx's ability to attract and retain B2B customers and the ability of such B2B customers to attract and retain End Users may be adversely affected if the reputation of the online financial services industry as a whole or the CFD trading industry is damaged. In recent years, a number of financial services firms have suffered significant damage to their reputations from highly publicized incidents that in turn resulted in significant and in some cases irreparable harm to their business. A perception of instability within the online financial services industry also could materially adversely affect the ability of ParagonEx to attract and retain B2B customers and the ability of such B2B customers to attract and retain End Users.

***The loss of key ParagonEx employees could materially adversely affect its business, including the ability to grow the business.***

ParagonEx key executives and employees have significant experience in the CFD trading industry and have made significant contributions to the business of ParagonEx. In addition, other senior ParagonEx employees have made significant contributions to ParagonEx's business. The continued success of ParagonEx is dependent upon the retention of these and other key ParagonEx executive officers and employees, as well as the services provided by the trading staff, technology and programming specialists and a number of other key managerial, marketing, planning, financial, technical and operations personnel employed by ParagonEx. The loss of such key personnel could have a materially adverse effect on ParagonEx's business. In addition, the ability of ParagonEx to grow its business is dependent, to a large degree, on its ability to retain such executives and employees.

***The industries in which ParagonEx operates are highly competitive, which may adversely affect ParagonEx if it is unable to compete effectively.***

The CFD trading market served by ParagonEx and the PaaS offering is rapidly evolving and characterized by intense competition and evolving domestic and global regulatory oversight and rules. Tighter spreads and increased competition could make the business of ParagonEx less profitable. The prospects of ParagonEx's success may be materially adversely affected by its inability to adapt to these changes and effectively manage the risks, expenses and difficulties frequently encountered in the operation of a business in a rapidly evolving industry.

In addition, competitors of ParagonEx include sophisticated institutions which have larger customer bases, more established name recognition and substantially greater financial, marketing, technological and personnel resources than ParagonEx does. These advantages may enable them to, among other things:

- develop products and services that are similar to those of ParagonEx, or that are more attractive to existing and prospective B2B customers and End Users in one or more markets in which ParagonEx does business;

- provide products and services not offered by ParagonEx;

- provide execution and clearing services that are more rapid, reliable, efficient or less expensive;

- offer products and services at prices below those of ParagonEx to gain market share and to promote other businesses, such as forex options, futures, listed securities, CFDs, precious metals and OTC derivatives;

- adapt at a faster rate to market conditions, new technologies and customer demands;

- offer better, faster and more reliable technology;

- outbid ParagonEx for desirable acquisition targets;

- more efficiently engage in and expand existing relationships with strategic alliances;

- market, promote and sell their products and services more effectively; and

develop stronger relationships with B2B customers.

These competitors, including commercial and investment banking firms, may have access to capital in greater amounts and at lower costs than ParagonEx does, and, therefore, may be better able to respond to changes in the industries in which ParagonEx operates, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally. Among other things, access to capital determines creditworthiness, which if perceived negatively in the market could materially impair the ability of ParagonEx to attract customer assets. Access to capital also determines the degree to which ParagonEx can expand its operations. Therefore, if ParagonEx is not able to maintain or increase capital on competitive terms, it could be at a significant competitive disadvantage, and the ability of ParagonEx to maintain or increase revenue and earnings could be materially impaired. Also, new or existing competitors in certain markets could make it difficult for ParagonEx to maintain current market share or increase it in desirable markets. Increased competition could also result in narrowing bid/offer spreads, which could materially adversely affect the business, financial condition and results of operations and cash flows of ParagonEx. Any reduction in revenues without a commensurate reduction in expenses would decrease profitability. ParagonEx may not be able to compete effectively against these firms, particularly those with greater financial resources, and failure to do so could materially and adversely affect the business, financial condition and results of operations and cash flows of ParagonEx.



***ParagonEx may be unable to respond to its B2B customers' demands for new services and products and its business, financial condition and results of operations and cash flows may be materially adversely affected.***

The market for Internet-based and mobile trading is characterized by:

- changing End User demands;
- the need to enhance existing services and products or introduce new services and products;
- evolving industry practices; and
- rapidly evolving technology solutions.

New services and products provided by competitors of ParagonEx may render existing services and products less competitive. The future success of ParagonEx will depend, in part, on its ability to respond to its existing and prospective B2B customers' demands (and the demands of such B2B customers' existing and prospective End Users) for new services and products on a timely and cost-effective basis and to adapt to address the increasingly sophisticated requirements and varied needs of ParagonEx's existing and prospective B2B customers and the needs of such B2B customers' existing and prospective End Users. ParagonEx may not be successful in developing, introducing or marketing new services and products. In addition, the new service and product enhancements offered by ParagonEx may not achieve market acceptance. Any failure on the part of ParagonEx to anticipate or respond adequately to customer requirements or changing industry practices, or any significant delays in the development, introduction or availability of new services, products or service or product enhancements could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.

***The international nature of ParagonEx operations presents special challenges and the failure to adequately address such challenges or compete in these markets, either directly or through joint ventures with local firms, could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.***

In 2017, ParagonEx generated its revenues from B2B customers and End Users located in approximately 150 countries. Moreover, expanding the ParagonEx business into new markets, such as China, is an important part of the growth strategy of ParagonEx. Due to certain cultural, regulatory and other challenges relevant to those markets, however, ParagonEx may be at a competitive disadvantage in those regions relative to local firms or to international firms that have a well-established local presence. These challenges include:

less developed or mature local technological infrastructure and higher costs, which could make ParagonEx products and services less attractive or accessible in emerging markets;

Exposure to potential diverse regulatory requirements of multiple jurisdictions, which may be more burdensome, not clearly defined and subject to unexpected changes, potentially exposing ParagonEx to significant compliance costs and regulatory penalties;

less developed and established local financial and banking infrastructure, which could make ParagonEx's products and services less accessible;

reduced protection of intellectual property rights;

inability to enforce contracts;

difficulties and costs associated with staffing and managing foreign operations, including reliance on newly hired local personnel;

tariffs and other trade barriers;

currency and tax laws that may prevent or restrict the transfer of capital and profits among the various ParagonEx operations around the world; and

time zone, language and cultural differences among personnel in different areas of the world.

In addition, in order to be competitive in these local markets, or in some cases because of restrictions on the ability of foreign firms to do business locally, ParagonEx may seek to operate through joint ventures with local firms. Doing business through joint ventures may limit the ability to control the conduct of the business and could expose ParagonEx to reputational and greater operational risks. ParagonEx may also face intense competition from other international firms over relatively scarce opportunities for market entry. Given the intense competition from other international brokers also seeking to enter these new markets, ParagonEx may have difficulty finding suitable local firms willing to enter into the kinds of relationships with it needed to gain access to these markets. This competition could make it difficult for ParagonEx to expand its business internationally as planned.

***If the operating subsidiaries of ParagonEx are unable to pay it fees or dividends when needed, ParagonEx may be unable to satisfy its obligations when they arise.***

As a holding company, nearly all of the funds of ParagonEx are generated by its operating subsidiaries. Historically, ParagonEx has accessed these funds through receipt of dividends from these subsidiaries, or, in the case of its Belize subsidiary — by charging it a license fee. The subsidiary in Belize is further subject to regulation and requirements of regulatory bodies in Belize relating to liquidity and capital standards, which may have the effect of limiting funds available for the payment of license fees or dividends to ParagonEx. Accordingly, if ParagonEx subsidiary in Belize is unable to pay fees or dividends and make other payments to ParagonEx when needed, due to regulatory restrictions or otherwise, ParagonEx may be unable to satisfy obligations when they arise.

***ParagonEx depends on one major B2B customer for a significant portion of its revenues, and its future revenues and earnings could be negatively impacted by the loss or reduction of the demand for services by such customer.***

A significant portion of ParagonEx's annual revenues in the past two years were derived from one leading B2B customer, namely UFX, which operates two regulated companies. As of December 31, 2017, the revenues from UFX accounted for approximately 93% of ParagonEx's revenues. Any disruption in the business operations of UFX, including as a result of regulatory or banking restrictions, would likely result in a substantial reduction or complete loss of the revenue and income generated by such customer, which would have a material adverse impact on ParagonEx's financial condition and performance.

***The services provided by ParagonEx to several of its main B2B customers are comprehensive, which may cause such customers to be considered operationally dependent on ParagonEx.***

As part of its business development strategy, ParagonEx has supported the founders of several of its major B2B customers in the incorporation or acquisition of their companies, as well as in obtaining and renewing their regulatory licenses. ParagonEx further provides several of these B2B customers with comprehensive services which cover a considerable portion of the overall scope of such B2B customers' operations and which they receive exclusively from ParagonEx, possibly causing such B2B customers to be operationally dependent on ParagonEx. Consequently, such B2B customers may be regarded as related parties of ParagonEx or as having a connection to ParagonEx for various accounting, tax and corporate purposes, and certain transactions between the parties may not be regarded as having been conducted at arm's-length or on fair market terms.

***Recent and potential changes to rules regarding cross-border taxation, the revised interpretation of existing tax rules or increased scrutiny of existing structures, could increase the tax liability of ParagonEx.***

ParagonEx aims to ensure that each legal entity within its group is a tax resident of the jurisdiction in which it is incorporated or registered and has no taxable presence in any other jurisdiction, and that the pricing of any arrangements between group companies, such as intra-group provision of services, are established on an arm's-length basis. However, if any group company is found to have a taxable presence elsewhere, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, or if tax authorities in relevant jurisdictions do not regard the arrangements between any of the group companies as being made at arm's-length or insofar as changes occur in transfer pricing regulations or in the interpretation of existing transfer pricing regulations, this may have a material adverse effect on the amount of tax payable. Heightened attention has been given at national and supranational levels, particularly through the G20/OECD Base Erosion and Profit Shifting program ("BEPS"), as well as in other public forums and the media, with regard to matters of cross-border taxation, and in particular, to taxation of the digital economy.

In this context, ParagonEx expects to be subject to increased reporting requirements regarding its international tax structure. In addition, changes are expected to the definition of the "permanent establishment" concept under bilateral tax treaties or a multilateral instrument, and to the manner in which the existing "permanent establishment" concept is interpreted by tax authorities, such that ParagonEx may be subject to corporate tax with regard to profits attributed to additional jurisdictions in which it does not currently have a taxable presence under the rules as currently interpreted. Furthermore, the Isle of Man government is in the process of introducing rules aimed at bolstering its compliance with EU and international obligations in the context of which minimum requirements with regard to the substance and activities of locally registered companies are expected to be introduced. Any changes in the rules regarding cross-border taxation or the revised interpretation of existing tax rules could increase the tax liability of ParagonEx and have a material adverse effect on its business, results of operations, financial condition and prospects.

***The Israeli tax authority (ITA) is reviewing ParagonEx's tax position.***

The Israeli tax authority (the "ITA") is in the process of reviewing ParagonEx's tax position and has initiated an audit of ParagonEx's tax filings in Israel. The ITA is asserting that ParagonEx is effectively controlled and managed from Israel, and should therefore be subject to Israeli taxation on its entire global income in accordance with the local tax ordinance. Consequently, ParagonEx has been issued with a demand from the ITA, requiring it to pay the minimum tax advancements that are levied on all new businesses registering in Israel. Although ParagonEx has presented the ITA with documentation and other evidence supporting its position that it is not controlled or managed from Israel and that it has acted in accordance with all applicable tax laws and regulations, there remains a risk that the ITA may reject such position and tax ParagonEx's past and future earnings under Israeli law. Furthermore, even if the ITA were to accept ParagonEx's position that it is neither controlled or managed from Israel nor has a permanent establishment in Israel, it may still challenge the transfer pricing between the Israeli and non-Israeli entities within the ParagonEx corporate group and determine that a larger portion of ParagonEx's overall income should be attributed to its Israeli

subsidiaries and taxed accordingly. Since ParagonEx has thus far benefited from a zero corporate tax rate in the Isle of Man, a determination by the ITA subjecting ParagonEx to Israeli taxation, whether fully or partially, will likely impose a material tax liability with regard to ParagonEx past operations and further impact its net earnings going forward. ParagonEx's management considers the probability of such an outcome to be remote.

The ITA is presently conducting a civil tax audit of certain of the Israeli subsidiaries of ParagonEx, and has requested certain information and documentation regarding those Companies. In November 2018, Toyga Media Ltd. received a formal notification that its file was transferred from the ITA to the District Attorney's Office

***ParagonEx's major shareholders and employees, as well as the shareholder of UFX, were exposed in the 'Panama papers'.***

The publication of the 'Panama papers' exposed, among other things, the breakdown of the shareholdings in ParagonEx as well as the shareholdings in UFX. This exposure gives rise to potential tax, regulatory and banking risks which are currently difficult to assess.

***ParagonEx's subsidiary in Belize may not be able to provide liquidity services due to regulatory limitations.***

The regulatory authority which oversees the operations of ParagonEx's subsidiary in Belize has recently been viewed as unreliable by the Cyprus Securities Exchange Commission ("CySec"), which is the regulator of two of ParagonEx's main B2B customers, due, among other things, to the Belize regulator's disregard of CySec's circular on the implications of the Negative Balance Protection ("NBP") requirement and the Adequacy of Risk Transferring Arrangements. While ParagonEx plans to establish a substitute liquidity-providing subsidiary and have it obtain a license in a reputable jurisdiction that will be acceptable to CySec, or engage with a third party entity licensed in such a jurisdiction, it cannot be certain that such a license will be granted or that such third party arrangement will be acceptable to CySec. Furthermore, ParagonEx expects to incur increased expenses in connection with regulatory compliance, as well as increased operational and tax expenses in connection with its need to immediately implement certain remedial measures to ensure its ongoing operations.

#### **Risks Related to Regulation Applicable to ParagonEx B2B Customers**

***Failure by ParagonEx B2B customers to comply with the rapidly evolving laws and regulations governing their businesses could potentially result in regulatory agencies taking action against ParagonEx, which could significantly harm its business.***

The operations of ParagonEx's B2B customers are generally regulated by governmental bodies or self-regulatory organizations. Among other things, ParagonEx B2B customers are subject to regulation concerning:

- sales and marketing activities, including interaction with, and solicitation of, customers;

trading practices, including leverage and the types of investment products offered or to be offered; the types of End Users that may make use of the services;

· the methods by which customers can fund accounts;

· treatment of customer assets, including custody, control, safekeeping and, in certain countries, segregation of customer funds and securities;

· maintaining specified minimum amounts of capital and limiting withdrawals of funds;

· continuing education requirements for employees;

· Know-your-client and anti-money laundering practices;

· record keeping and reporting; and

· supervision regarding the conduct of directors, officers and employees.

Though ParagonEx conducts its business in a manner which it believes to be compliant with applicable local law, regulators may attempt to assert authority over ParagonEx's activities that they deem to take place within the jurisdiction they regulate, including solely by virtue of the presence of End Users within the jurisdiction. In addition, new laws, rules or regulations may be enacted that change the regulatory landscape and result in new, or clarify preexisting, registration or licensing requirements. As a result, a regulator overseeing the activities of a ParagonEx's B2B customer may attempt to assert authority over ParagonEx.



Regulators and self-regulatory organizations (including those in the jurisdictions in which End Users are present) broadly oversee the conduct of the business of ParagonEx B2B customers and several perform regular examinations of their operations to monitor compliance with applicable laws and regulations. If a regulator finds that a ParagonEx B2B customer has failed to comply with applicable rules and regulations using ParagonEx trading platform, the regulator may potentially subject ParagonEx to censure, fines, cease-and-desist orders, suspension of business operations, removal of personnel, civil litigation or other sanctions. Further, in instances where a ParagonEx B2B customer is servicing End Users, such End Users may make a claim, or claims, against ParagonEx for non-compliance with laws or regulations in that jurisdiction, including a claim that ParagonEx is required to be regulated as a Business to Consumer (“B2C”) type of business. ParagonEx could incur significant legal expenses in defending itself against, and resolving actions or investigations by, such regulatory agencies. An adverse resolution of any future actions or investigations by such regulatory agencies could result in a negative perception of ParagonEx, which in turn could have a materially adverse effect on the business, financial condition, and results of operations and cash flows of ParagonEx.

***ParagonEx subsidiary in Belize is required to maintain high levels of capital, which could constrain its growth and subject it to regulatory sanctions.***

The regulators of ParagonEx’s subsidiary in Belize have stringent rules requiring that it maintains specific minimum levels of regulatory capital. As of June 30, 2018, ParagonEx’s subsidiary in Belize was required to maintain approximately \$500,000 in minimum capital. Additional revisions to the existing rules or new capital adequacy rules applicable to ParagonEx’s subsidiary in Belize may be proposed and ultimately adopted, which could further increase the minimum capital requirements in the future.

Even if regulators do not change existing regulations or adopt new ones, the minimum capital requirements will generally increase in proportion to the size of the business conducted by the regulated ParagonEx subsidiary. As a result, ParagonEx may need to increase regulatory capital in order to expand operations and increase revenue. The inability to increase capital on a cost-efficient basis could constrain the growth of ParagonEx. In addition, in many cases, ParagonEx is not permitted to withdraw regulatory capital maintained by ParagonEx’s subsidiary in Belize without prior regulatory approval or notice, which could constrain the ability to allocate capital resources most efficiently throughout the global operations of ParagonEx. In particular, these restrictions could adversely affect the ability of ParagonEx to withdraw funds needed to satisfy ongoing operating expenses, debt service and other cash needs. While it is expected that the current amount of regulatory capital will be sufficient to meet anticipated short-term increases in requirements, any failure to maintain the required levels of regulatory capital, or to report any capital deficiencies or material declines in capital could result in severe sanctions, including fines, censure, restrictions on the ability of ParagonEx’s subsidiary in Belize to conduct business and revocation of registrations. The imposition of one or more of these sanctions could ultimately lead to the liquidation of ParagonEx’s subsidiary in Belize.

***Servicing customers via the Internet may require ParagonEx to comply with the laws and regulations of each country in which it is deemed to conduct business. Failure to comply with such laws may negatively impact***

*financial results.*

Since ParagonEx's services and PaaS offerings are available over the Internet in foreign countries and ParagonEx's B2B customers and their End User clients are located or reside in foreign countries, foreign jurisdictions may require ParagonEx to qualify to do business in their country. ParagonEx may be required to comply with the laws and regulations of each country in which business is conducted, including laws and regulations currently in place or which may be enacted related to Internet services available to the residents of each country from service providers located elsewhere. Any failure to develop effective compliance and reporting systems could result in regulatory penalties in the applicable jurisdiction, which could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.

## **Risks Related to ParagonEx Counterparties**

***If ParagonEx loses access to prime brokers and other liquidity providers it may be unable to provide competitive trading services, which will materially adversely affect the business, financial condition and results of operations and cash flows of ParagonEx.***

ParagonEx engages third-party financial institutions to provide it with market liquidity. ParagonEx maintains relationships with a large network of liquidity providers, including established global prime brokers such as JFD. ParagonEx maintains these relationships on an as-needed basis, particularly those with prime brokers, for access to a pool of liquidity to ensure that the ability to execute trades in the products offered at the notional amounts requested by End Users. These liquidity providers, although under contract with ParagonEx, may terminate the arrangements at any time. If ParagonEx were to experience a disruption in the services provided by a liquidity provider, particularly a prime broker, due to a financial, technical or other adverse development, the business of ParagonEx could be adversely affected to the extent that it is unable to transfer positions and margin balances to another liquidity provider that allows ParagonEx to offer competitive trading services in a timely fashion. In the event of the insolvency of one or more prime brokers or other liquidity providers, ParagonEx may not be able to recover any or all of the funds deposited with such entity as ParagonEx will be among the entity's unsecured creditors. In the event that ParagonEx no longer has access to the current levels of liquidity, ParagonEx may be unable to provide competitive trading services, which would materially adversely affect the business, financial condition and results of operations and cash flows of ParagonEx.

***A systemic market event that impacts the various market participants with whom ParagonEx interacts could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.***

ParagonEx interacts with various third parties through relationships with liquidity providers and introducing brokers. Some of these market participants could be overleveraged. In the event of sudden, large market price movements, such market participants may not be able to meet their obligations to brokers who, in turn, may not be able to meet their obligations to their counterparties. As a result, a systemic collapse in the financial markets could occur, which would have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.

***ParagonEx is subject to risk of default by financial institutions that hold ParagonEx funds and the funds of ParagonEx B2B customers.***

ParagonEx has significant deposits of its own funds and funds belonging to its B2B customers and their End Users with banks and other financial institutions, including liquidity providers. In the event of the insolvency of one of these financial institutions, ParagonEx might not be able to fully recover the deposited assets since ParagonEx will be among the institution's unsecured creditors. As a result, ParagonEx's business could be materially adversely affected by the loss of these funds.

***ParagonEx is subject to credit risk in that an End User's losses may exceed the amount of cash in their account. ParagonEx faces further credit risk from its inability to collect payments from its B2B customers due to regulatory constraints.***

The trading operations of ParagonEx requires a commitment of capital and involves risks of loss because of the potential that an End User's losses may exceed the amount of cash in their account. The ParagonEx margin policy allows End Users to leverage their account balances by trading notional amounts that may be significantly larger than their cash balances. ParagonEx marks End Users' accounts to market each time a price in their portfolio changes. While this allows ParagonEx to closely monitor each End User's exposure, it does not guarantee the ability to eliminate negative End User account balances prior to an adverse price change or other market events. Although ParagonEx has the ability to alter margin requirements without prior notice to End Users, this may not eliminate the risk that access to liquidity becomes limited or market conditions, including price volatility and liquidity constraints, change faster than the ability of ParagonEx to modify its margin requirements. Changes in market conditions or unforeseen extreme market events could result in End Users experiencing losses in excess of deposited funds. In such an event, ParagonEx may not be able to recover the negative client equity from End Users, which may result in incurring a bad debt expense. In addition, if ParagonEx cannot collect funds from its B2B customers due to regulatory constraints, ParagonEx may nonetheless be required to fund positions held with liquidity providers or other third parties and face further write-offs on account of bad debt. Any of the foregoing events could have a material adverse effect on the business, financial condition, results of operations and cash flows of ParagonEx.

***Failure of third-party systems or third-party service and software providers upon which ParagonEx relies could adversely affect the business of ParagonEx.***

ParagonEx relies on certain third-party computer systems or third-party service and software providers, including trading platforms, back-office systems, Internet service providers, and software development partners and communications facilities. Any interruption in these third-party services, or deterioration in their performance or quality, could adversely affect the business of ParagonEx. If the arrangements with any such third party is terminated, ParagonEx may be unable to find alternative systems or service providers on a timely basis or on commercially reasonable terms. This could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.

***Failure to maintain relationships with introducing brokers who direct new End Users to ParagonEx's B2B customers could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx.***

ParagonEx B2B customers have relationships with introducing brokers who direct new End Users to them and provide marketing and other services for these End Users. In certain jurisdictions, ParagonEx's B2B customers can only

provide services through introducing brokers. For the year ended December 31, 2017, approximately 13% of retail trading volume on ParagonEx's trading platform was derived from End Users referred by introducing brokers. Many relationships with introducing brokers are nonexclusive or may be terminated by the brokers on short notice. In addition, under the agreements with introducing brokers, they have no obligation to provide ParagonEx's B2B customers with new End Users or minimum levels of transaction volume. The failure of ParagonEx's B2B customers to maintain these relationships with introducing brokers, the failure of the introducing brokers to provide new End Users to such B2B customers or the failure to create new relationships with introducing brokers would result in a loss of revenue, which could have a material adverse effect on the business, financial condition and results of operations and cash flows of ParagonEx. To the extent any competitor of ParagonEx's B2B customers offers more attractive compensation terms to one or more introducing brokers, that brokers' services could be lost or ParagonEx's B2B customers could be required to increase the compensation paid to retain the brokers, which will likely be offset from the amounts payable to ParagonEx by its B2B customers, back-to-back. In addition, ParagonEx's B2B customers may agree to set the compensation for one or more introducing brokers at a level where, based on the transaction volume generated by End Users directed to ParagonEx's B2B customers by such brokers, it would have been more economically attractive to seek to acquire the End Users directly rather than through the introducing broker.

***The ParagonEx business or reputation could be harmed by the misconduct or errors of brokers who are B2B customers or introducing brokers that are difficult to detect and deter.***

ParagonEx may be perceived as responsible for improper conduct by the brokers who are its B2B customers and introducing brokers, even though it does not control their activities. Many of CFD brokers or introducing brokers operate websites and telemarketing centers, which are used to advertise and promote services or direct End Users to ParagonEx's PaaS offering. It is difficult to closely monitor the contents of these websites and the activities conducted by such telemarketing centers to ensure that the statements they make and the activities they conduct in relation to ParagonEx's PaaS offerings are accurate and comply with applicable rules and regulations. Any disciplinary action taken against a CFD broker who is a ParagonEx customer or any introducing brokers could have a material adverse effect on ParagonEx's reputation, damage its brand name and materially adversely affect the business, financial condition and results of operations and cash flows of ParagonEx.

***ParagonEx is exposed to closure of bank accounts and disengagement of payment processors.***

In recent years, many of the bank accounts of ParagonEx and its B2B customers have been closed due to internal risk management policies of banks and their growing reluctance to deal with funds derived from trading in Forex, CFDs, cryptocurrencies and other financial instruments. ParagonEx's Israeli subsidiary, Toyga Online Ltd., is a party to litigation against a local bank in Israel in this regard – see “*Description of the Business of ParagonEx — Business — Legal Proceedings.*” Similarly, ParagonEx's business model is highly dependent on its B2B customers' relationships with payment processing service providers, through which essentially all End User deposits are funneled. ParagonEx's ability to maintain bank accounts and gateways to major credit card and e-payment facilities is vital for its operation as a going concern, and if no banking and payment processing solutions remain available to it, ParagonEx may be forced to severely reduce its business activities or suspend them altogether. While ParagonEx continues to seek alternative banking and payment processing solutions, it is already suffering from increased banking and payment processing commissions and legal fees as a result of these obstacles.

## **Risks Related to ParagonEx's Operations in Israel**

***Potential political, economic and military instability in Israel could adversely affect ParagonEx's operations.***

Several of ParagonEx's offices and operating facilities are located in Israel. Accordingly, with respect to its Israeli facilities, political, economic and military conditions in Israel directly affect ParagonEx's operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. A state of hostility, varying in degree and intensity, has led to security and economic problems for Israel.

Since October 2000 there has been an increase in hostilities between Israel and the Palestinians, including the Israel-Gaza conflict, which has adversely affected the peace process and has negatively influenced Israel's relationship with its Arab citizens and several Arab countries. Such ongoing hostilities may hinder Israel's international trade relations and may limit the geographic markets where ParagonEx can sell its products and solutions. Hostilities involving or threatening Israel, or the interruption or curtailment of trade between Israel and its present trading partners, could materially and adversely affect ParagonEx's operations.

In addition, since Israel's establishment, companies based in Israel and companies doing business with Israel have been the subject of an economic boycott by members of the Arab League and certain other predominantly Muslim countries. Although Israel has entered into various agreements with certain Arab countries and the Palestinian Authority, and various declarations have been signed in connection with efforts to resolve some of the economic and political problems in the Middle East, ParagonEx cannot predict whether or in what manner these problems will be resolved. Wars and acts of terrorism have resulted in significant damage to the Israeli economy, including reducing the level of foreign and local investment.

Furthermore, certain of ParagonEx's officers and employees may be obligated to perform annual reserve duty in the Israel Defense Forces and are subject to being called up for active military duty at any time. All Israeli male citizens who have served in the army are subject to an obligation to perform reserve duty until they are between 40 and 49 years old, depending upon the nature of their military service.



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

MICT believes that some of the information in this proxy statement/prospectus constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as “estimates,” “projected,” “expects,” “anticipates,” “forecasts,” “plans,” “intends,” “believes,” “may,” “will,” “should,” “future,” “propose” and variations of these words or similar expressions (or the negative versions of such words or expressions) that are intended to identify forward-looking statements. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other “forward-looking” information.

MICT believes it is important to communicate its expectations to its stockholders. However, there may be events in the future that MICT is not able to predict accurately or over which it has no control. The risk factors and cautionary language discussed in this proxy statement/prospectus provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by MICT in such forward-looking statements, including among other things:

- our history of losses;
- disruption or corruption of ParagonEx’s and BI China’s technology and information systems, including any security breaches;
- litigation;
- the effect of government regulation and taxation on our business, including regulatory developments related to cryptocurrencies and national and provincial regulations in China;
- potential infringements on ParagonEx’s and BI China’s intellectual property;
- political and economic conditions affecting countries in which we currently do business or into which we may expand;
- reduction in demand for services affecting future revenues;
- loss of key personnel and ability to attract qualified personnel;
- our ability to compete for acquisition opportunities and our ability to integrate and operate acquired businesses;
- integration of the business of ParagonEx and BI China; and
- other factors.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement/prospectus.

All forward-looking statements included herein attributable to any of MICT or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, MICT undertakes no obligations to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

Before a stockholder grants its proxy or instructs how its vote should be cast or vote on the Proposals, it should be aware that the occurrence of the events described in the “*Risk Factors*” section and elsewhere in this proxy statement/prospectus may adversely affect MICT and GFH.

## THE ACQUISITION AGREEMENT AND RELATED AGREEMENTS

### The Acquisition Agreement

This section is a summary description of the material provisions of that certain acquisition agreement entered into on December 18, 2018 by the Parties (as defined below) (the “**Acquisition Agreement**”) but does not purport to describe all of the terms thereof. The following summary is qualified in its entirety by reference to the complete text of the Acquisition Agreement, a copy of which is attached hereto as Annex B. All interested parties are strongly urged to read the Acquisition Agreement, along with the related agreements and documents, in their entirety, as this summary should not be relied upon to provide all the terms and conditions of the Acquisition Agreement that may be material to you.

### General Description of the Acquisition Agreement

On December 18, 2018 the following parties entered into the Acquisition Agreement: (i) MICT, (ii) GFH (iii) Merger Sub, (iv) BNN, (v) BI China, (vi) the BI China Sellers, (vii) ParagonEx, (viii) the ParagonEx Executing Shareholders and the 102 Trustee as registered holder on behalf of all ParagonEx Executing Shareholders who are beneficial owners of 102 Shares (collectively representing not less than 75% of the ParagonEx equity securities outstanding on a fully diluted basis) and (ix) the ParagonEx Seller Representative. MICT, GFH, Merger Sub, BNN, BI China, the BI China Sellers, ParagonEx, the ParagonEx Sellers and the ParagonEx Seller Representative are sometimes referred to herein individually as a “**Party**” and, collectively, as the “**Parties to the Acquisition Agreement**.” The following is a summary of the key terms of the Acquisition Agreement.

The Acquisition Agreement contemplates a business combination consisting of: (1) a tender offer by BNN for shares of MICT, as more fully described below (the “**Offer**”); (2) a merger between MICT and Merger Sub, with MICT continuing as the surviving entity, and as a result of which each issued and outstanding share of common stock of MICT will be converted automatically into 0.93 GFH Ordinary Shares (the “**Merger**”); (3) an acquisition by GFH of all the issued and outstanding securities of BI China from BNN and the other BI China Sellers in exchange for newly issued GFH Ordinary Shares (the “**BNN Acquisition**”); (4) an acquisition by GFH of all the issued and outstanding ParagonEx Ordinary Shares from the ParagonEx Sellers in exchange for a combination of cash, notes and newly issued GFH Ordinary Shares (the “**ParagonEx Acquisition**”); and (5) a spin-off of MICT’s current business assets, including MICT’s interest in Micronet, a partially owned subsidiary, to MICT’s Stockholders who retain shares of MICT after the Offer, provided that seven percent (7%) of the shares of Micronet, otherwise distributable to stockholders of MICT will be held back for issuance to Sunrise Securities, Trump Securities or their Affiliates, as payment for any claims for compensation under the Sunrise Agreement (the “**Spin-Off**,” and together with the Offer, the Merger, the BNN Acquisition, the ParagonEx Acquisition and the other transactions contemplated by the Acquisition Agreement, the “**Transactions**”).

In addition, in December 2018, GFH conducted a private placement (the “**GFH Private Placement**”), in connection with which GFH entered into subscription agreements with certain investors (the “**Private Placement Investors**”) pursuant to which such Private Placement Investors agreed to purchase an aggregate of \$23,500,000 in ordinary shares of GFH, the proceeds from which shall be released to GFH immediately prior to the Closing, conditioned upon receipt of approval of the stockholders of MICT to the Transactions and satisfaction or waiver of the conditions to Closing set forth in Article XII of the Acquisition Agreement. The proceeds of the GFH Private Placement, plus any funds contributed by BI China to cover any shortfall of the GFH Private Placement, along with senior unsecured promissory notes in a total principal amount of (i) \$10,000,000 if paid in a single lump sum, or (ii) \$12,000,000 payable in eight equal installments over a period of 22 months, at GFH’s sole discretion, to the ParagonEx Sellers as partial consideration for the ParagonEx Ordinary Shares to be acquired by GFH in the ParagonEx Acquisition.

At Closing, GFH shall assume, pay, perform, and discharge all the obligations of BNN under an unsecured convertible loan note with a currently outstanding principal balance of Six Million Pounds (£6,000,000) (the “**BNN Convertible Note**”), convertible into GFH shares at a conversion price of \$1.65 per share and with a term of two (2) years from the Closing. Interest on the BNN Convertible Note will accrue at a rate of 6% per annum and will be payable semi-annually.

### *Tender Offer*

BNN will commence the Offer for up to approximately 20% of the outstanding shares of MICT Common Stock, from the public stockholders of MICT, at a price per share of \$1.65 net to the seller in cash (the “**Offer Price**”), without interest, and upon the terms and conditions of the Acquisition Agreement. The initial expiration date of the Offer is a minimum of twenty (20) Business Days following the commencement of the Offer (the “**Expiration Time**”). BNN expressly reserves the right (i) to increase the Offer Price and (ii) to waive any condition to the Offer or modify the terms of the Offer, except that, without the prior written consent of MICT, BNN shall not (a) reduce the number of shares of MICT Common Stock subject to the Offer, (b) reduce the Offer Price to be paid pursuant to the Offer, (c) add to the Tender Offer Conditions (as defined in the Acquisition Agreement) or amend or modify any Tender Offer Condition in any manner adverse to the holders of shares of MICT Common Stock, (d) except as otherwise provided in Section 1.1 of the Acquisition Agreement, extend the Expiration Time, or (e) change the form of consideration payable in the Offer, *provided that* nothing in this clause shall limit BNN’s ability to provide additional cash consideration in addition to the Offer Price.

If the Offer is terminated, withdrawn or otherwise not consummated due to the failure of the condition in the Tender Offer Conditions that the Offer shall not have caused the shares to be held of record by fewer than 300 round lot holders or require pursuant to one or more Nasdaq rules or regulations that the Company obtain stockholder approval in connection therewith, then MICT shall have the option to either (i) terminate this Agreement and receive the Target Termination Fee contemplated by Section 13.3(b) of the Acquisition Agreement, or (ii) not to terminate the Acquisition Agreement and to continue to seek to consummate the transactions contemplated thereby.

### *The Spin-Off*

Pursuant to the Acquisition Agreement, and subject to the closing of the Business Combination, it is contemplated that MICT shall spin-off its holdings in Micronet to MICT’s stockholders who retain shares of MICT after the Offer, provided that seven percent (7%) of the shares of Micronet otherwise distributable to MICT’s stockholders will be held back for potential issuance to Sunrise Securities, Trump Securities or their Affiliates as payment for any claims for transaction fee payable to Sunrise under the Sunrise Agreement. See the section entitled “*Description of the Business of MICT — Legal Proceedings.*”

Micronet is a publicly traded company on the Tel Aviv Stock Exchange that operates in the Mobile Resource Management market and designs, develops, manufactures and sells rugged mobile computing devices that provide fleet operators and field workforces with computing solutions in challenging work environments. For a more complete discussion of Micronet's business, see Micronet's public filings in connection with its listing on the Tel Aviv Stock Exchange. Following the Spin-Off, the shares of Micronet that are spun-off to MICT's stockholders who retain shares of MICT after the Offer are expected to continue to trade on the Tel Aviv Stock Exchange, and it is not contemplated that such shares will be listed on any U.S. exchange. Further, the Acquisition Agreement provides that MICT may sell certain of its shares of Micronet during the interim period if such sales are necessary to complete the transactions contemplated by the Acquisition Agreement, including the Spin-Off, and accordingly, there is no way for MICT's stockholders to determine at this time how many shares of Micronet will be distributed or the number of shares of Micronet they will be entitled to upon the completion of the Spin-Off.

Moreover, Micronet anticipates that it will be required to obtain, and it is currently in the process of seeking, additional financing, which is likely to be dilutive to Micronet's stockholders, due to an increase in cash flow needs on the one hand, and the utilization of most of its existing resources on the other. Such increase in cash flow needs is due to both a significant decrease in Micronet's recent sales results, and a lower sales forecast than in previous years. This recent decline in Micronet's sales forecast is primarily due to a number of factors, including a decrease in the rate of sales of Micronet's customers to end customers, delays in the launch of the new generation of products, and a decrease in demand due to delays in the implementation of the Electronic Logging mandate. These factors are expected to result in significant cash flow deficits through 2019.

Given the uncertainty as to the number of shares of Micronet to be distributed, Micronet's need for financing, and the difficult position Micronet currently is in, MICT's stockholders should not ascribe significant value to the Spin-Off in determining whether or not to participate in the Offer.

The fair market value of the Micronet shares that stockholders receive in connection with the Spin-Off (including the amount of any taxes withheld therefrom) will generally be includable in such stockholders' gross income as dividend income on the date of receipt, to the extent that the distribution is paid out of MICT's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). For a more complete discussion of the U.S. federal income tax consequences of the Business Combination, see the section entitled "*Proposal 1: The Business Combination Proposal — Material United States Federal Income Tax Considerations.*"

## *Merger*

Subject to the approval by the holders of MICT Common Stock (the "**MICT Stockholders**"), MICT and Merger Sub shall consummate the Merger, pursuant to which, among other things, (a) Merger Sub will merge with and into MICT, following which MICT will continue as the surviving corporation; (b) the board of directors and executive officers of Merger Sub will each hold office in MICT as the Surviving Corporation; and (c) every issued and outstanding share of MICT Common Stock, subject to the limitations set forth in the Acquisition Agreement, will be converted automatically into 0.93 GFH Ordinary Shares (the "**Conversion Ratio**"), following which all shares of MICT Common Stock will automatically be canceled and cease to exist, provided that, if the Parties mutually agree, for Nasdaq listing purposes, the Conversion Ratio may be a ratio other than 0.93 for one (but in no event will the Conversion Ratio be in excess of one (1) share of MICT Common Stock for five (5) shares of GFH Ordinary Shares); (d) all MICT Options that are outstanding and unexercised immediately prior to the Effective Time will survive the Closing and will be converted into and become an option to purchase GFH Ordinary Shares (the "**MICT Replacement Option**"), with (i) the per share price for the GFH Ordinary Shares issuable upon exercise of each MICT Replacement Option will be the same as the per share exercise price for the applicable MICT Option immediately before the Merger and (ii) each MICT Replacement Option subject to expiration on the fifteen (15) month anniversary of the Closing Date; (e) GFH will assume MICT's 2012 Stock Incentive Plan and 2014 Stock Incentive Plan; and (f) each outstanding MICT Warrant shall be canceled and replaced with an MICT Replacement Warrant to purchase GFH Ordinary Shares, with substantially the same terms and conditions as the original MICT Warrant, except that (i) the number of GFH

Ordinary Shares which can be purchased with each MICT Replacement Warrant shall be adjusted by the Conversion Ratio and (ii) the exercise price for each MICT Replacement Warrant shall be adjusted by the Conversion Ratio.



### *Share Exchange*

At Closing, BNN and the other BI China Sellers will sell to GFH all of the issued and outstanding BI China Securities (the “**BI China Purchased Securities**”). As full consideration for the BI China Purchased Securities, GFH will issue to the BI China Sellers (including BNN) an aggregate number of GFH Ordinary Shares equal to the number of shares to be issued to the BI China Sellers in accordance with the capitalization table attached as Schedule 3.2(d) to the Acquisition Agreement.

At Closing, GFH will purchase the ParagonEx Purchased Securities of the ParagonEx Sellers, and as consideration, the ParagonEx Sellers will receive the following: (a) the Cash Payment from the GFH Private Placement and funds received from BI China pursuant to the GFH Private Placement shortfall, if applicable; (b) the ParagonEx Notes which entitle the ParagonEx Sellers to receive, at GFH’s sole discretion, either (i) the full principal amount of the ParagonEx Notes in a single lump-sum payment upon Closing or (ii) an aggregate amount of \$12,000,000 payable in eight equal installments over a twenty-two (22) month period; and (c) an aggregate number of GFH Ordinary Shares (the “**ParagonEx Exchange Shares**”) equal to the number of shares to be issued to the ParagonEx Sellers. In addition, as a separate transaction and not as consideration for the ParagonEx Purchased Securities, GFH shall issue and deliver to each of Saar Pilosof and Haim Toledano (in addition to the ParagonEx Exchange Shares issued to them in their capacity as ParagonEx Sellers) an aggregate of Two Million (2,000,000) shares of GFH Ordinary Shares (the “**ParagonEx Founders’ Additional Shares**”).

Any ParagonEx Non-Executing Shareholder as of the Closing shall become a ParagonEx Seller by virtue of the provisions of Section 3.13 in the Acquisition Agreement, whereby ParagonEx Executing Shareholders, who collectively hold 75% of the issued and outstanding share capital and voting power of ParagonEx, are deemed to have accepted an offer by GFH to purchase all of their securities in ParagonEx in accordance with the terms set forth and conditions in the Merger Agreement, which offer is conditioned upon the sale of all of the outstanding shares of ParagonEx on a fully diluted basis.

Subject to the terms and conditions of the Acquisition Agreement, and assuming that none of the shares of MICT’s common stock are purchased by BNN in connection with the Offer, MICT’s Stockholders will own approximately 5.27% of GFH after giving effect to the transactions contemplated by the Acquisition Agreement.

### *Representations and Warranties*

The Acquisition Agreement contains a number of representations and warranties made by each of MICT, BNN, BI China, ParagonEx, the ParagonEx Sellers, GFH, and the BI China Sellers, which in certain cases are subject to

specified exceptions and materiality, Material Adverse Effect, knowledge and other qualifications contained in the Acquisition Agreement or in information provided pursuant to certain disclosure schedules to the Acquisition Agreement. “**Material Adverse Effect**” as used in the Acquisition means, with respect to any specified Person, any fact, event, occurrence, change or effect that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect upon (a) the business, assets, Liabilities, results of operations, prospects or condition (financial or otherwise) of such Person and its Subsidiaries (excluding, with respect to MICT, its Subsidiaries or assets to be spun-off in connection with the Spin-Off), taken as a whole, or (b) the ability of such Person or any of its Subsidiaries (excluding, with respect to MICT, its Subsidiaries to be spun-off in connection with the Spin-Off) on a timely basis to consummate the transactions contemplated by this Acquisition Agreement or the Ancillary Documents to which it is a party or bound or to perform its obligations hereunder or thereunder, in each case subject to certain customary exceptions.

Certain of the representations and warranties are subject to specified exceptions and qualifications contained in the Acquisition Agreement or in information provided pursuant to certain disclosure schedules to the Acquisition Agreement.

In the Acquisition Agreement, MICT made certain customary representations and warranties to GFH, BNN, BI China, ParagonEx and the ParagonEx Sellers, including among others, related to the following: (1) corporate matters, including due organization, existence and good standing; (2) authority and binding effect relative to execution and delivery of the Acquisition Agreement and certain Ancillary Documents; (3) governmental approvals; (4) non-contravention; (5) capitalization; (6) SEC filings and financial statements; (7) absence of certain changes; (8) compliance with laws; (9) actions, orders and permits; (10) taxes and returns; (11) employee matters and benefit plans; (12) real property; (13) personal property; (14) title to and sufficiency of assets; (15) material contracts; (16) transactions with affiliates; (17) Investment Company Act of 1940; (18) finders and brokers; (19) certain business practices; (20) insurance; (21) subsidiaries; (22) information supplied; (23) waiver of Section 203 of the Delaware General Corporation Law (the “**DGCL**”); and (24) disclosure.

In the Acquisition Agreement, BNN and BI China jointly and severally made certain customary representations and warranties to MICT and the ParagonEx Sellers, including among others, related to the following: (1) corporate matters, including due organization, existence and good standing; (2) authority and binding effect relative to execution and delivery of the Acquisition Agreement and certain Ancillary Documents; (3) capitalization; (4) subsidiaries; (5) approvals; (6) non-contravention; (7) financial statements; (8) absence of certain changes; (9) compliance with laws; (10) permits; (11) litigation; (12) material contracts; (13) intellectual property; (14) taxes and returns; (15) real property; (16) personal property; (17) title to and sufficiency of assets; (18) employee matters; (19) benefit plans; (20) environmental matters; (21) transactions with related persons; (22) insurance; (23) top customers and suppliers; (24) certain business practices; (25) Investment Company Act of 1940; (26) finders and brokers; (27) ownership; (28) information supplied; and (29) disclosure.

In the Acquisition Agreement, ParagonEx made certain customary representations and warranties to GFH, MICT and BNN, including among others, related to the following: (1) corporate matters, including due organization, existence and good standing; (2) authority and binding effect relative to execution and delivery of the Acquisition Agreement and certain Ancillary Documents; (3) capitalization; (4) subsidiaries; (5) governmental approvals; (6) non-contravention; (7) financial statements; (8) absence of certain changes; (9) compliance with laws; (10) permits; (11) litigation; (12) material contracts; (13) intellectual property; (14) taxes and returns; (15) real property; (16) personal property; (17) title to and sufficiency of assets; (18) employee matters; (19) benefit plans; (20) environmental matters; (21) transactions with related persons; (22) insurance; (23) top customers and suppliers; (24) certain business practices; (25) Investment Company Act of 1940; (26) finders and brokers; (27) information supplied; and (28) disclosure.

In the Acquisition Agreement, each of the ParagonEx Sellers severally and not jointly made certain customary representations and warranties to GFH, MICT and BNN, including among others, related to the following: (1)

corporate matters, including due organization, existence and good standing; (2) authority and binding effect relative to execution and delivery of the Acquisition Agreement and certain Ancillary Documents; (3) ownership; (4) governmental approvals; (5) non-contravention; (6) litigation; (7) finders and brokers; (8) information supplied; and (9) percentage of ParagonEx Executing Shareholders.

In the Acquisition Agreement, GFH made certain customary representations and warranties to MICT, BNN and ParagonEx, including among others, related to the following: (1) corporate matters, including due organization, existence and good standing; (2) authority and binding effect relative to execution and delivery of the Acquisition Agreement and certain Ancillary Documents; (3) governmental approvals; (4) non-contravention; (5) capitalization; (6) finders and brokers; (7) ownership of exchange shares; and (8) activities of GFH and Merger Sub.

In the Acquisition Agreement, each of the BI China Sellers severally and not jointly made certain customary representations and warranties to GFH, MICT and ParagonEx, including among others, related to the following: (1) corporate matters, including due organization, existence and good standing; (2) authority and binding effect relative to execution and delivery of the Acquisition Agreement and certain Ancillary Documents; (3) ownership; (4) governmental approvals; (5) non-contravention; (6) litigation; (7) finders and brokers; and (8) information supplied.

### *Covenants of the Parties*

Each Party agreed in the Acquisition Agreement to use its commercially reasonable efforts to effect the Closing. The Acquisition Agreement also contains certain customary covenants by the Parties during the period between the date of the Acquisition Agreement and the earlier of the Closing or the termination of the Acquisition Agreement in accordance with its terms (the “**Interim Period**”). Such customary covenants, include without limitation, (1) that access to the properties, books and personal will be given (a) by BI China and GFH to MICT and ParagonEx, (b) by ParagonEx to MICT, BNN and BI China certain Access Rights, and (c) by MICT to GFH, BNN, BI China and ParagonEx; (2) BI China, ParagonEx, and MICT will operate their respective businesses in the ordinary course of business; (3) MICT, BNN and ParagonEx will procure audited consolidated financial statements for fiscal years ended December 31, 2017 and 2016; (4) MICT will keep current and timely all of its public filings; (5) no insider trading; (6) notification of certain breaches, consent requirements or other matters; (7) efforts to consummate the Closing and obtain third party and regulatory approvals; (8) further assurances; (9) public announcements; (10) confidentiality; (11) retention of documents and information; (12) indemnification of directors and officers; (13) satisfaction of the reporting requirements of Section 16(a) of the Exchange Act; and (14) GFH shall be entitled to place legends on book entries and certificates evidencing GFH Ordinary Shares. In addition to the foregoing, the Acquisition Agreement also contains a number of transaction specific covenants as described herein below.

The Acquisition Agreement and the consummation of the transactions contemplated thereby requires the approval of MICT’s stockholders. MICT and GFH agreed, as promptly as practicable after the date of the Acquisition Agreement, to prepare, with the reasonable assistance of BI China and ParagonEx and file with the SEC, a registration statement on Form F-4 (as amended or supplemented from time to time, and including the joint proxy statement/prospectus contained therein, the “**Registration Statement**”) in connection with the registration under the Securities Act of the issuance of shares of GFH Ordinary Shares to the holders of MICT’s securities, BI China’s securities, ParagonEx’s securities, the ParagonEx Founders’ Additional Shares and the shares issuable to the Private Placement Investors and containing a proxy statement for the purpose of soliciting proxies from the MICT stockholders to approve the Acquisition Agreement, the transactions contemplated thereby and related matters (the “**MICT Stockholder Approval**”).

Each of the Parties also agreed not to solicit or enter into any alternative competing transactions during the Interim Period without the prior written consent of BNN and ParagonEx, on the one hand and MICT on the other hand, as applicable; provided, that prior to obtaining the MICT Stockholder Approval, MICT’s board of directors may, directly or indirectly, through any representative, with respect to any third party (and its representatives) that has made an

acquisition proposal after the date of the Acquisition Agreement that was not solicited in violation of the Acquisition Agreement and that MICT's board of directors determines in good faith (after consultation with its financial advisor and its outside legal counsel) either constitutes or is reasonably expected to lead to a superior proposal, engage or participate in discussions or negotiations with such third-party (and its representatives) and MICT may furnish non-public information relating to MICT and its subsidiaries to such third-party. MICT agreed that its board of directors would recommend that MICT's stockholders approve the Merger and that it would not fail to make, withdraw, amend or modify such recommendation unless prior to the MICT Stockholder Approval it receives an unsolicited alternative transaction proposal after the date of the Acquisition Agreement that it determines in good faith to be superior to the transactions contemplated by the Acquisition Agreement and that the failure to take such action would reasonably be expected to be inconsistent with the board of director's fiduciary duties. In such case MICT's board of directors is entitled to change its recommendation prior to the Special Meeting (a "**Change in Recommendation**"). Prior to such Change in Recommendation, if requested by either BI China or ParagonEx, BI China and ParagonEx, as the case may be, shall have a five business day period to negotiate modifications to the Acquisition Agreement with MICT in order to obviate the need for the Change in Recommendation.

The Parties each agreed to take all necessary action, including causing the directors of GFH to resign, so that effective as of the Closing, GFH's board of directors (the "**Post-Closing GFH Board**") will consist of up to nine (9) individuals; provided that two (2) individuals who serve as directors of MICT as of the date of the Acquisition Agreement (the "**Continuing Directors**"), which Continuing Directors shall be selected by ParagonEx, shall serve as members of the Post-Closing GFH Board until the earlier of the completion of the Spin-Off or 180 days after the Closing. Immediately after the Closing, the Parties shall take all necessary action to designate and appoint to the initial Post-Closing GFH Board (i) up to seven (7) persons that are designated by BNN and ParagonEx prior to the Closing (three (3) of whom shall be appointed by BNN and four (4) by ParagonEx).

The Parties agreed that ten (10) Business Days prior to the designated Closing Date or such other date as the Parties shall mutually agree, each of GFH, BI China and ParagonEx shall prepare and deliver to the other Parties a statement (each a "**Pre-Closing Statement**") setting forth, as of the end of the calendar month immediately preceding the month in which the Closing is designated to take place, such Party's determination of its net working capital (which net working capital in the case of BI China shall include the amount of any prepayment by BNN to ParagonEx for working capital under their Prepayment Agreement).

MICT and GFH agreed that promptly after the Closing (and in any event within 60 days of the record date for the Spin-Off), they would complete the Spin-Off.

BNN agreed that within fifteen (15) Business Days after the date of the Acquisition Agreement, BNN shall take all necessary actions under its articles of association to reduce the drag-along threshold in its governing documents to 55% and thereafter use the drag-along provision to cause the other equity holders of BI China to transfer their BI China shares to GFH.

BNN also agreed to amend the outstanding BNN Convertible Note in a form reasonably satisfactory to ParagonEx to provide that the ParagonEx Notes shall rank senior to the BNN Convertible Note.

#### *Non-Survival of Representations, Warranties, Covenants and Agreements*

The representations, warranties, covenants and agreements made by the Parties do not survive the Effective Time, except for (a) those covenants and agreements contained therein that by their terms apply or are to be performed in whole or in part after the Effective Time, (b) those covenants and agreements set forth in Article XIV of the Agreement, and (c) a valid fraud claim with respect to the negotiation and execution of the Acquisition Agreement and the Ancillary Documents.





*Conditions to Consummation of the Transactions*

The obligations of the each Party to consummate the Transactions are subject to various conditions, including the following mutual conditions of the parties unless waived: (1) the approval of MICT Stockholder Matters; (2) expiration of the waiting period under Antitrust Laws; (3) receipt of the requisite regulatory approvals; (4) requisite consents; (5) no law or order preventing or prohibiting the transactions contemplated by the Acquisition Agreement; (6) no pending litigation to enjoin or restrict the consummation of the Closing; (7) the election or appointment of the members of the board of directors of GFH post-closing; (8) the effectiveness of the Registration Statement; and (9) the approval of the GFH Ordinary Shares, the BI China Exchange Shares and the ParagonEx Exchange Share for listing on Nasdaq.

Unless waived by BNN and BI China, the obligations of GFH, BNN, BI China and the BI China Sellers to consummate the Transactions are subject to the satisfaction of the following closing conditions, in addition to the receipt of customary certificates and other closing deliveries: (1) the representations and warranties of MICT, ParagonEx and the ParagonEx Seller are true and correct as of the date of the Acquisition Agreement and on and as of the Closing (subject to Material Adverse Effect and exceptions for other dates); (2) MICT and ParagonEx have performed in all material respects the respective obligations and complied in all material respects with their respective covenants and agreements under the Acquisition Agreement required to be performed or complied with on or prior the date of the Closing; (3) the absence of any Material Adverse Effect with respect MICT since the date of the Acquisition Agreement which is continuing and uncured; and (4) closing deliverables are made, including those related to (a) the resignations of certain MICT directors and officers, (b) the approvals from ParagonEx Optionholder Instruments, (c) the filing of the GFH Equity Plan and GFH Israeli Sub-Plan, (d) the receipt of share certificates and (d) confirmation of the registered agent filing for Maples Corporate Services (BVI) Limited.

Unless waived by ParagonEx, the obligations of ParagonEx to consummate the Transactions are subject to the satisfaction of the following closing conditions, in addition to the receipt of customary certificates and other closing deliveries: (1) the representations and warranties of MICT, GFH, BNN and BI China are true and correct as of the date of the Acquisition Agreement and on and as of the Closing (subject to Material Adverse Effect and exceptions for other dates); (2) MICT, GFH, BNN and BI China have performed in all material respects the respective obligations and complied in all material respects with their respective covenants and agreements under the Acquisition Agreement required to be performed or complied with on or prior the date of the Closing; (3) the absence of any Material Adverse Effect with respect MICT since the date of the Acquisition Agreement which is continuing and uncured; and (4) closing deliverables are made, including those related to (a) the resignations of certain MICT directors and officers and (b) the termination of certain contracts.

Unless waived by MICT, the obligations of MICT to consummate the Transactions are subject to the satisfaction of the following closing conditions, in addition to the receipt of customary certificates and other closing deliveries: (1) the representations and warranties of BI China, BNN, ParagonEx or any ParagonEx Seller are true and correct as of the date of the Acquisition Agreement and on and as of the Closing (subject to Material Adverse Effect and exceptions

for other dates); (2) BNN, BI China, ParagonEx and each ParagonEx Seller have performed in all material respects the respective obligations and complied in all material respects with their respective covenants and agreements under the Acquisition Agreement required to be performed or complied with on or prior the date of the Closing; (3) the absence of any Material Adverse Effect with respect to BI China or its subsidiaries or ParagonEx or its subsidiaries since the date of the Acquisition Agreement which is continuing and uncured; (4) the transfer of Excluded ParagonEx Target Companies Share Capital; (5) the termination of UB2000 contract; (6) the execution of the UFX agreement; (7) WFOE to have completed the proper amendment of the registration forms for certain loans; (8) BNN to have completed the registration of pledges; (9) the controlling stockholders of ParagonEx have entered into a confidentiality, IP and non-compete agreements; and (10) closing deliverables are made.

### *Termination and Termination Fee*

The Acquisition Agreement may be terminated under certain circumstances at any time prior the Closing, including, among other reasons: (a) by mutual written consent of MICT, BNN, BI China and ParagonEx; (b) by written notice by MICT, BNN, BI China and ParagonEx if the any of the closing conditions have not been satisfied or waived by May 15, 2019 (unless there's a breach on the part of the terminating party); (c) by written notice by any of MICT, BNN, BI China or ParagonEx if a governmental authority of competent jurisdiction shall have issued an order or taken any other action permanently restraining, enjoining or otherwise prohibiting the Transactions, and such order or other action has become final and non-appealable; (d) by written notice by BNN or BI China for MICT's breach, such that (i) the breach is material and results in a failure of certain closing conditions or (ii) the breach remains uncured; (e) by written notice by ParagonEx for MICT's breach, such that (i) the breach is material and results in a failure of certain closing conditions or (ii) the breach remains uncured; (f) by written notice by MICT for BNN's, BI China's, ParagonEx's or any Major ParagonEx Seller's breach, such that (i) the breach is material and results in a failure of certain closing conditions or (ii) the breach remains uncured; (g) by written notice by either BNN, BI China or ParagonEx, if (i) MICT's board of directors (or any committee thereof) shall have effected a MICT Board Recommendation Change or (ii) MICT has entered into binding Superior Proposal; (h) by written notice by MICT, if BNN with respect to any BI China Target Company or any ParagonEx Target Company has entered into binding Superior Proposal; (i) by written notice by either BNN and BI China, on the one hand and ParagonEx on the other hand, if either BNN or BI China, in the case of notice from ParagonEx or ParagonEx, in the case of notice from either BI China or BNN is in material breach of the Acquisition Agreement and such breach remains uncured; (j) by written notice by MICT, if there shall have been an uncured and continuing Material Adverse Effect on the BI China Target Companies or the ParagonEx Target Companies, taken as a whole; (k) by written notice by BI China, if there shall have been a Material Adverse Effect with respect to MICT or the ParagonEx Target Companies, taken as a whole; (l) by written notice by ParagonEx, if there shall have been a Material Adverse Effect on MICT or the BI China Target Companies, taken as a whole; (m) by written notice by either MICT or BNN if the Required Stockholder Approval was not obtained; (n) by written notice by MICT if MICT enters into a Superior Offer; (o) by written notice by MICT if the holders of all of the equity interests in BI China do not to agree to transfer all of their ownership interests in BI China to GFH at least three (3) Business Days prior to the Outside Date; (p) by written notice by any of BNN, BI China or ParagonEx, in the event that Sunrise Securities or any affiliate thereof seeks and obtains from a governmental authority a permanent injunction or other order that has become final and nonappealable preventing the Closing; or (q) if the Offer is not consummated due to the failure of the Tender Offer Conditions that the Offer shall not have caused the shares to be held of record by fewer than 300 round lot holders or require pursuant to one or more Nasdaq rules or regulations that the Company obtain stockholder approval in connection therewith.

The Acquisition Agreement contains certain termination fees for each of MICT, BNN, BI China and ParagonEx, and further provides that, if BI China, ParagonEx or MICT terminate the Acquisition Agreement under specified circumstances, then MICT may be required to pay to BI China and ParagonEx a termination fee of Nine Hundred Thousand U.S. Dollars (\$900,000). BNN and ParagonEx jointly and severally may be required to pay to MICT a base termination fee of One Million Eight Hundred Thousand U.S. Dollars (\$1,800,000) (the "**Target Termination Fee**") if the Acquisition Agreement is terminated under specified circumstances. Further, the Target Termination Fee shall increase to Three Million U.S. Dollars (\$3,000,000) in the event that the Acquisition Agreement is terminated by either MICT or BNN as a result of the failure of MICT to obtain the Required Stockholder Approval and BNN did not vote in favor of the Transactions. Concurrently with the signing of the Acquisition Agreement, BNN and MICT

entered into the Termination Fee Escrow Agreement whereby BNN deposited with the Escrow Agent Nine Hundred Thousand U.S. Dollars (\$900,000) and the BNN Current Shares as collateral and security for the payment of the Target Termination Fee.

Further, in the event the Acquisition Agreement is terminated by BI China or ParagonEx due to material breach of the agreement by the other party, then within three (3) Business Days after such termination, the breaching party shall pay to the non-breaching party an aggregate amount of cash equal to the amount of the costs and expenses, including legal and professional fees, incurred by the non-breaching party in connection with the negotiation and execution of the Acquisition Agreement and the other Ancillary Documents incurred, which amount shall in no event exceed One Million U.S. Dollars (\$1,000,000).

### **Voting Agreement**

In connection with the execution and delivery of the Acquisition Agreement, David Lucatz, on behalf of his affiliates that are stockholders of MICT (the **“Stockholder”**), entered into a voting agreement (the **“Voting Agreement”**) pursuant to which, during the term of such agreement, the Stockholder has agreed to certain actions in support of the transactions contemplated by the Acquisition Agreement and will, at every meeting of the stockholders of MICT called for such purpose, and at every adjournment or postponement thereof (or in any other circumstances upon which a vote, consent or approval is sought, including by written consent), not vote any of his shares of MICT’s common stock at such meeting in favor of, or consent to, and will vote against and not consent to, the approval of any alternative proposal that is intended, or would reasonably be expected, to prevent, impede, interfere with, delay or adversely affect in any material respect the transactions contemplated by the Acquisition Agreement. The Voting Agreement shall terminate, among other reasons, upon the termination of the Acquisition Agreement and if the Offer is terminated, withdrawn or otherwise not consummated.

The foregoing description of the Voting Agreement does not purport to be complete and is qualified in its entirety by reference to the Voting Agreement which is attached hereto as Annex G.

### **Lock-Up Agreements**

Concurrently with the signing of the Acquisition Agreement, the stockholders of MICT who own in excess of 3% of the issued and outstanding GFH Ordinary Shares after consummation of the Transactions have entered into lock-up agreements (the **“MICT Lock-Up Agreements”**). Pursuant to the Lock-Up Agreements these stockholders are prohibited from selling or transferring the GFH Ordinary Shares they received for the period ending on the earlier of twelve (12) months following the Closing Date or the date such stockholders own less than three percent (3%) of the issued and outstanding GFH Ordinary Shares as a result of dilution of their ownership interest. Further, officers and directors of GFH who have entered into a Lock-Up Agreement also must no longer be serving as an officer or director of GFH or any of its Subsidiaries at such time.

BNN has and the ParagonEx Sellers shall enter into lock-up agreements with substantially the same terms and conditions as the MICT Lock-Up Agreements, except that the lock-up period for the ParagonEx Sellers shall be six (6) months.

The foregoing description of the Lock-Up Agreement does not purport to be complete and is qualified in its entirety by reference to the form of Lock-Up Agreement which is attached hereto as Annex F.

## Prepayment Agreement

Concurrently with the execution of the Acquisition Agreement, on December 18, 2018, BNN and ParagonEx entered into that certain Prepayment Agreement (the “Prepayment Agreement”), which provides that irrespective of the Closing of the Acquisition Agreement, BNN and ParagonEx wish to collaborate in the development and offering of an online commodities exchange in China and other markets worldwide, based on ParagonEx’s proprietary software platform and user interface for online trading in contracts-for-difference, and in order to induce ParagonEx to immediately begin such development and adaptation project and supply the working capital necessary for it, BNN will provide ParagonEx \$5,000,000 in cash no later than January 25, 2019, which amount shall either be considered part of the net working capital of BI China and of the net cash of GFH upon Closing of the Acquisition Agreement or converted into an equity investment in ParagonEx if the Acquisition Agreement is terminated for any reason.

## Organization Structures of the Parties Following Consummation of the Transactions

Shareholder	No. of Shares	Percent Holdings	
MICT Stockholders excl. escrow and BNN as MICT shareholder	9,048,077	5.27	%
BNN (as a BI China Seller)	30,481,705	17.77	%
BI China Sellers Other than BNN	28,477,105	16.60	%
ParagonEx Sellers	86,382,373	50.36	%
Private Placement Investors	15,151,515	8.83	%
ParagonEx Founders Additional Shares	2,000,000	1.17	%
Total	171,540,775	100.00	%

### Notes to capitalization table:

Shares issued to BNN as a result of BNN’s shareholding in MICT are included under BNN in the table.

Consequently the total number of issued MICT shares at closing shall not exceed 11,092,115 shares. Subject to note 3 below, this includes any and all issued shares, and without derogating from the generality of the aforesaid, it includes MICT shares currently held by BNN, shares issued as a result of the agreed partial conversion of the Yorkville debt into 1,000,000 shares, and any other share issuance until closing (excluding any shares issues as a result of the exercise of any of the options or warrants mentioned in Note 3 below).

2. The number of shares of BNN may increase as a result of BNN buying further shares in the Tender Offer.

3. The number of shares in the above table is subject to potential dilution by the following:

a. Current MICT 1,327,000 employee stock options, out of which 436,000 at an exercise price of \$4.30 per share and 891,000 at \$1.32, all of which exercise period shall end 15 months after closing.

b. 1,187,500 warrants currently held by Yorkville, at an exercise price of \$2.00.

c. 1,200,000 options to MICT directors, management and employees at \$1.65 per share with an exercise period ending 15 months after closing.

d. Up to 1,100,000 warrants to be issued to placement agents of the GFH Private Placement at an exercise price of \$1.65 per share.



e. The BNN Convertible Note, with a principal amount of £6,000,000, convertible into GFH shares at a conversion price of \$1.65 per share.

f. LTIP of 7,575,757 shares to align management and shareholder interests, recruit and retain key management, so as to facilitate the delivery of the company's objectives and positively impact shareholder value.

g. A GFH stock option plan, which may result in up to 15% additional share issuance at exercise prices to be determined by the Board, in line with applicable laws and regulations.

h. Potential issuance of up to 755,448 shares (being 7% of the expected share consideration to MICT's Stockholders) to Sunrise Securities/Trump Securities to satisfy MICT's obligation. In the event that the total number of shares at closing shall fall below 11,092,115 as a result of a lower share issuance between signing and closing, the 7% holdback will be reduced as per the actual number of shares at closing, and the difference shall be issued and allocated pro rata between the MICT Stockholders (direct stockholders and BNN). See section titled "*Description of the Business of MICT — Legal Proceedings.*"

In case of a reverse stock split, as permitted in Section 11.6 of the Acquisition Agreement, to satisfy Nasdaq's listing qualification, the capitalization table shall automatically be deemed to be modified to reflect such adjustment.

## SPECIAL MEETING OF THE STOCKHOLDERS OF MICT

### General

MICT is furnishing this proxy statement to its stockholders as part of the solicitation of proxies by its board of directors for use at the Special Meeting to be held on \_\_\_\_\_, and at any adjournment or postponement thereof. This proxy statement is first being furnished to MICT Stockholders on or about \_\_\_\_\_. This proxy statement provides you with information you need to know to be able to vote or instruct your vote to be cast at the Special Meeting. In connection with the Special Meeting, we are also providing you with our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which includes MICT's financial statements for the year ended December 31, 2017 and MICT Management's Discussion and Analysis of Financial Condition and Results of Operation.

### Date, Time and Place of Special Meeting

The Special Meeting will be held at \_\_\_\_ a.m. Eastern time, on \_\_\_\_\_, 2019, at the offices of Ellenoff Grossman & Schole LLP, 1345 Avenue of the Americas, 11th Floor, New York, New York, or such other date, time and place to which such meeting may be adjourned or postponed, to consider and vote upon the proposals.

### Voting Power; Record Date

You will be entitled to vote or direct votes to be cast at the Special Meeting if you owned shares of MICT Common Stock at the close of business on \_\_\_\_\_, which is the record date for the Special Meeting. You are entitled to one vote for each share of MICT Common Stock that you owned as of the close of business on the record date. If your shares are held in "street name" or are in a margin or similar account, you should contact your broker, bank or other nominee to ensure that votes related to the shares you beneficially own are properly counted. On the record date, there were \_\_\_\_\_ shares of MICT Common Stock outstanding.

### Quorum and Required Vote for Proposals for the Special Meeting

A quorum of MICT Stockholders is necessary to hold a valid meeting. The holders of a majority of the stock issued, outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders and shall be required for the transaction of business, except as otherwise provided by law, by the Certificate of Incorporation, or Bylaws. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting unless the adjournment is for more than thirty (30) days or after the adjournment a new record date is set, until the required amount of voting stock shall be present. At such adjourned meeting at which a quorum shall be present in person or by proxy, any business may be transacted that might have been transacted at the meeting originally called.

As a condition to the completion of the Business Combination, the affirmative vote of the holders of a majority of the voting power of the shares of MICT Common Stock entitled to vote on the Business Combination Proposal is required. The affirmative vote of a majority of the voting power of the votes cast at the Special Meeting is required for the Golden Parachute Proposal and the Adjournment Proposal. Accordingly, abstentions and broker non-votes will have no effect on the outcome of any vote on the Golden Parachute Proposal and the Adjournment Proposal, respectively. Abstentions and broker non-votes will, however, have the same effect as voting against the Business Combination Proposal.

## Recommendation to MICT Stockholders

The MICT Board believes that each of the Business Combination Proposal and the Golden Parachute Proposal to be presented at the Special Meeting is in the best interests of MICT and its stockholders and unanimously recommends that its stockholders vote “FOR” each of the Proposals.

When you consider the recommendation of the MICT Board in favor of approval of the Business Combination Proposal, you should keep in mind that its directors and officers may have interests in the Business Combination that are different from, or in addition to, your interests as a stockholder. These interests include, among other things:

Subject to, and upon Closing of, the Business Combination, MICT will issue to its directors/officers the following awards (i) to each of MICT’s Board member, 300,000 options to purchase MICT Common Stock (and the shares issuable upon the exercise thereof) (and in the aggregate, 1,200,000 options) with an exercise price equal to the GFH Purchase Price Per Share which are granted as success bonuses under MICT’s 2012 Stock Incentive Plan or under the GFH Equity Plan (including the GFH Israeli Sub-Plan) and which shall be, converted into MICT Replacement Options (as described in Section 2.6(b) of the Acquisition Agreement) and which, for the, avoidance of doubt, and notwithstanding the termination of directorship of the optionholder, shall expire on the 15 month anniversary of the Closing Date); and (ii) up to an additional, 300,000 restricted shares of MICT Common Stock, to be issued to officers and service providers of MICT and to Mr. Jeffrey P. Bialos, a director of MICT, who shall be entitled to 80,000 restricted shares as consideration for his special efforts and services in actively managing the negotiations and supporting the Business Combination transaction, including the Acquisition Agreement. In addition, DL Capital Ltd. (“**DL Capital**”), an entity under the control of David Lucatz, is entitled to receive (i) an annual bonus of 3% of the amount by which the annual earnings before interest, tax, depreciation and amortization, or EBITDA, for such year exceeds the average annual EBITDA for 2011 and 2010, or \$0, and (ii) a one-time bonus of 0.5% of the purchase price of any acquisition completed by MICT during the term of the agreement, or approximately \$92,079, as a result of the Business Combination. Furthermore, following the Business Combination, the rights and obligations under the DPW Consulting Agreement will be assigned to Mr. Lucatz. Pursuant to the DPW Consulting Agreement (as defined herein), Coolisys Technologies Inc. will, for each of the next two years, pay Mr. Lucatz a consulting fee of \$150,000 as well as issue Mr. Lucatz 150,000 restricted shares of DPW Class A common stock, which restricted shares are valued at \$15,000 based on the closing stock price of DWP Class A common stock on February 1, 2019.

Under the Acquisition Agreement it is stipulated that the Continuing Directors shall be selected by ParagonEx (subject to the agreement of such individuals to serve, and provided further that the selection shall be made prior to the mailing or distribution of the Proxy Statement to the stockholders of MICT), and shall serve as members of GFH Board until the earlier of the completion of the Spin-Off or 180 days after the closing of the Business Combination Transaction.

In addition, Mr. David Lucatz, CEO and Chairman of the Board of MICT may be considered as having an interest in the Business Combination Transaction by virtue of (i) his holdings in MICT through DL Capital Ltd. to the date hereof, which constitutes approximately 13% of the issued Common Stock of MICT, and (ii) his right to be assigned, upon the change of control in MICT to occur upon closing of the Business Combination, with the rights and obligations under the Consulting Agreement entered into by and between MICT, Enertec, Coolisys, DPW and Mr. David Lucatz, in conjunction with, and as a condition to, the closing of the Share Purchase Agreement (as defined below).

#### **Broker Non-Votes and Abstentions**

Under the rules of various national and regional securities exchanges your broker, bank or nominee cannot vote your shares with respect to non-routine matters unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. MICT believes the proposals presented to its stockholders will be considered non-routine and therefore your broker, bank or nominee cannot vote your shares without your instruction. If you do not provide instructions with your proxy, your bank, broker or other nominee may deliver a proxy card expressly indicating that it is NOT voting your shares; this indication that a bank, broker or nominee is not voting your shares is referred to as a “broker non-vote.”

Abstentions are considered present for the purposes of establishing a quorum and will have no effect on the Golden Parachute Proposal, or the Adjournment Proposal. Broker non-votes will have no effect on the Golden Parachute Proposal or the Adjournment Proposal. Abstentions and broker non-votes will, however, have the same effect as voting against the Business Combination Proposal.

## **Voting Your Shares**

Each share of MICT Common Stock that you own in your name entitles you to one vote on each of the proposals for the Special Meeting. Your one or more proxy cards show the number of shares of MICT Common Stock that you own. There are several ways to have your shares voted:

You can submit your vote by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. If you hold your shares in “street name” through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the Special Meeting. If you vote by proxy card, your “proxy,” whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card but do not give instructions on how to vote your shares, your shares of MICT Common Stock will be voted, as recommended by the MICT Board. Our board of directors recommends voting “FOR” the Business Combination Proposal, “FOR” the Golden Parachute Proposal and “FOR” the Adjournment Proposal.

You can attend the Special Meeting and vote in person even if you have previously voted by submitting a proxy. You will be given a ballot when you arrive. However, if your shares of common stock are held in the name of your broker, bank or other nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares of common stock.

## **Revoking Your Proxy and Changing Your Vote**

If you give a proxy, you may revoke it at any time before the Special Meeting, or at such meeting by doing any one of the following:

you may send another proxy card with a later date;

you may notify MICT’s Secretary, in writing before the Special Meeting that you have revoked your proxy; or

you may attend the Special Meeting, revoke your proxy, and vote in person, as indicated above.

### **Additional Matters May Be Presented at the Special Meeting**

The Special Meeting has been called to consider the approval of the Business Combination Proposal, the Golden Parachute Proposal, and the Adjournment Proposal. The stockholder may also consider and transact such other procedural matters as may properly come before the Special Meeting.

### **Who Can Answer Your Questions about Voting**

If you have any questions about how to vote or direct a vote in respect of your shares of MICT Common Stock, you may call Morrow Sodali LLP, MICT's proxy solicitor, at (800) 662-5200 or banks and brokers can call (203) 658-9400.

### **Appraisal Rights**

Appraisal rights are not available to holders of shares of MICT Common Stock in connection with the Transaction.

## BACKGROUND OF THE TRANSACTIONS

### Background of the Business Combination and Related Transactions

The terms of the Acquisition Agreement are the result of extensive arm's-length negotiations among the management teams of MICT, BNN and ParagonEx, along with their respective advisors and under the guidance of each company's board of directors. MICT followed a careful process assisted by experienced outside financial and legal advisors to rigorously examine potential transactions and transaction candidates. The following is a summary of the background of the events leading up to the decision by MICT to engage in the Business Combination and the negotiation of the Acquisition Agreement with BNN and ParagonEx.

On March 13, 2017, MICT entered into an engagement letter with Trump Securities, LLC and Sunrise Securities LLC ("**Sunrise**") to act as a non-exclusive advisor to provide a range of investment banking services. In connection therewith, Sunrise compiled a list of, and engaged in discussions with, potential counterparties for a strategic transaction with MICT.



In January 2018, BNN approached Mr. Lucatz through Amnon Mandelbaum of Sunrise about potentially purchasing Mr. Lucatz' equity in MICT. This evolved in February 2018 into a discussion as to the possibility of BNN and ParagonEx doing a transaction directly with MICT. Those discussions culminated in a confidentiality and exclusivity agreement being executed on April 23, 2018.

In connection with the transactions contemplated by the confidentiality and exclusivity agreement executed on April 23, 2018, BNN referred to its valuation immediately prior to its delisting from the UK Alternative Investment Market ("AIM") as being indicative of its current valuation. Discussions concerning MICT's valuation were mostly based on some premium to market.

After some discussion, it appears that the parties were not close on relative valuations, and the exclusivity agreement was terminated on May 8, 2018, as were all negotiations regarding any contemplated transaction.

In mid-June 2018, BNN reached out to David Lucatz with a view to acquiring a portion of Mr. Lucatz' equity in MICT. This culminated in the purchase by BNN of 1,363,000 of Mr. Lucatz' shares on June 21, 2018 at a price for \$1.65 per share, which represented a 14.89% stake in MICT. Such purchase contemplated that BNN would subsequently launch a tender offer for MICT's common stock, thereby providing MICT's Stockholders with the option to cash out at a price of \$1.65 per share (subject to a pro rata reduction if more shares were tendered than those BNN offered to purchase in the tender offer), and that the MICT Board would engage in subsequent discussions about a larger series of transactions with BNN and ParagonEx.

Following such purchase, MICT's management and board of directors engaged in discussions regarding renewed negotiations with BNN and ParagonEx, including the potential that BNN might launch a tender offer for MICT's common stock, and on July 1, 2018, the MICT Board approved a non-binding letter of intent with BNN, which was executed on July 2, 2018 (the "LOI"). A Current Report on Form 8-K disclosing the LOI was filed by MICT on July 2, 2018.

In early July 2018, MICT, BNN and ParagonEx exchanged due diligence request lists, and data room access as to BNN and ParagonEx was provided to certain members of the MICT due diligence team on July 19, 2018. In connection with such diligence processes, certain preliminary financial data concerning BNN and ParagonEx, as well as information concerning the general field of operations of each such company, was disclosed to Mr. Lucatz, who subsequently relayed such information to the MICT Board.

In mid-July 2018, MICT began the process of interviewing investment bankers for the purpose of analyzing the transactions contemplated to be entered into and advising the MICT Board as to the fairness of such transactions to the

MICT's stockholders.

On July 25, 2018, Mr. Lucatz, Mr. Bialos of the MICT Board, Mr. Mandelbaum and representatives from Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC ("Mintz") met with representatives from BNN, BNN's financial advisor Maxim Group LLC ("Maxim"), and ParagonEx in order to discuss the transactions contemplated to be entered into. Such discussions included but were not limited to matters involving the tender offer price and relative valuations, fiduciary-out provisions in the forthcoming draft of the Acquisition Agreement, termination fees, and transaction expenses.

On July 26, 2018, tax counsel from Mintz provided a preliminary analysis to MICT's management in connection with the contemplated spin-off which indicated that the spin-off would be a taxable event to MICT's Stockholders. Also on July 26, 2018, representatives from Elenoff Grossman & Schole LLP, counsel to BNN ("EGS"), provided to Mintz a draft Structuring Steps Paper which outlined their proposed mechanics of the transactions contemplated to be entered into.

On July 27, 2018, EGS provided to Mintz an initial draft of the Acquisition Agreement.

Throughout early August 2018, representatives from Mintz and EGS communicated by conference call and email regarding certain of the open issues in the initial draft of the Acquisition Agreement. Such matters included but were not limited to voting agreement thresholds, fiduciary-out provisions, termination fees, D&O insurance for current directors and officers of MICT, the removal of Micronet from certain of MICT's representations, warranties and covenants (given that it was being spun off), and tax matters in connection with the inversion that was initially contemplated to be completed in connection with the Business Combination (but which was not ultimately completed due to certain structural changes).

On August 3, 2018, ParagonEx executed a joinder to the confidentiality agreement previously entered into between MICT and BNN on April 23, 2018.

On August 5, 2018, the MICT Board held a telephonic meeting. At such meeting, representatives from Mintz provided an update regarding the status of the negotiations with BNN and ParagonEx, and Mr. Lucatz provided an update on the legal, financial and business due diligence being conducted by MICT. In addition to an overview of the terms of the contemplated transactions, the MICT Board discussed certain potential merits of the contemplated transactions, including that, in connection with the tender offer, MICT's Stockholders would be provided with the option to either (i) cash out at a price of \$1.65 per share (subject to a pro rata reduction if more shares were tendered than those offered to purchase by BNN in the tender offer), which would allow such stockholders to sell their shares at a premium to the market (based both on the current share price, and as adjusted to give effect to the presumed reduction in the value of MICT's stock price pursuant to the spin-off of MICT's Tel Aviv Stock Exchange-listed subsidiary Micronet), or (ii) receive their pro rata portion of the shares of Micronet that would be spun out, which shares would represent all of MICT's current value (other than the value of its listing on The Nasdaq Capital Market and certain other immaterial equity interests), and exchange their shares of MICT's common stock for shares of the ultimate public company. The MICT Board also discussed the respective businesses of BNN and ParagonEx and the synergies that could result from the Business Combination. Additionally, Mr. Bialos led a discussion about BNN's prior delisting from AIM.

During July and August of 2018, MICT's management and the MICT Board engaged in discussions with multiple investment banking firms regarding a potential engagement, and based on these discussions, on September 17, 2018, Coview was engaged by MICT for the purpose of analyzing the transactions contemplated to be entered into and advising the MICT Board as to the fairness of such transactions to MICT's stockholders from a financial point of view.

On August 7, 2018, a conference call was held among representatives from Mintz and MICT's management and board of directors to discuss the open issues in the initial draft of the Acquisition Agreement.

On August 8, 2018, Mintz provided to EGS a revised draft of the Acquisition Agreement. In connection with ongoing discussions regarding BNN's willingness to proceed with the tender offer, representatives from Mintz reiterated to EGS and BNN that the tender offer was important to the MICT Board and that it should remain as part of the contemplated transactions. Conversations about whether BNN would be willing to complete the tender offer continued throughout August 2018.

On August 13, 2018, the MICT Board held a special meeting. At such meeting, the MICT Board received from Mr. Luctaz an update regarding the status of the negotiations with BNN and ParagonEx, and an update on the legal, financial and business due diligence being conducted by MICT. It was further determined by the MICT Board to further negotiate several commercial issues related to, among other things, employee options, escrow deposit and closing conditions for the Business Combination, including termination fees payable during the interim period.

Following such meeting, and pursuant to the direction of the MICT Board, on August 13, 2018, Mr. Bialos reached out to Darren Mercer, BNN's Chief Executive Officer, in order to seek additional information about BNN's prior delisting from AIM and the internal investigation related thereto conducted by Price Waterhouse Coopers ("PwC"). Discussions about this matter ensued among representatives from the MICT Board, representatives from Mintz, Mr. Mercer, representatives from EGS, and representatives from Gateley PLC, which firm had served as personal counsel to Mr. Mercer.

Also on August 13, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement, as well as drafts of the subscription materials contemplated to be used by BNN in connection with the GFH Private Placement.

On August 16, 2018, in connection with MICT's due diligence efforts, representatives from Mintz requested from EGS financial projections for BNN and ParagonEx and an outline describing BNN's business strategy going forward, as well as additional information regarding BNN's proposed expansion of ParagonEx's trading platform.

On August 17, 2018, Mintz sent to EGS certain comments on the subscription materials contemplated to be used by BNN in connection with the GFH Private Placement.

On August 21, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement, and on August 22, 2018, EGS communicated to Mintz that BNN and ParagonEx agreed to have two continuing MICT directors remain on the public company's board for some limited period of time.

On August 28, 2018, a conference call was held among representatives from Mintz, MICT's management and board of directors and EGS to discuss certain open issues in the latest draft of the Acquisition Agreement. Such issues included but were not limited to the respective valuations of MICT, BNN and ParagonEx, termination fees and related escrow arrangements, transaction structure (i.e. the use of a BVI entity as the public company), the size of the GFH Private Placement, closing conditions, transaction expenses, and D&O insurance for current directors and officers of MICT.

On September 5, 2018, Mintz provided to EGS a revised draft of the Acquisition Agreement, and on September 6, 2018, EGS provided to Mintz a revised draft of the same.

Also on September 6, 2018, in connection with MICT's due diligence efforts, representatives from Mintz and the MICT Board attended a meeting at the offices of EGS with Mr. Mercer and Mark Hanson, BNN's Chairman, to discuss BNN's delisting and to review materials from the internal investigation conducted by PwC at BNN's request in

connection therewith. A telephonic meeting of the MICT Board was also held to discuss the same topic.

On September 7, 2018, representatives from Mintz and MICT's management, EGS and BNN's management attended a meeting at the offices of EGS to discuss certain open issues in the latest draft of the Acquisition Agreement. The primary items discussed involved the termination fee, closing conditions, and certain other legal issues that the parties viewed as material to the contemplated transactions. Subsequent conversations transpired among representatives from Mintz and the MICT Board concerning due diligence matters, open issues in the latest draft of the Acquisition Agreement, and the question of whether to negotiate for a higher price for the tender offer.

On September 17, 2018, the MICT Board held a special meeting. At such meeting, the MICT Board discussed, among other things, the internal investigation, and it was agreed to seek further assurances from BNN in the form of a representation by BNN or a director thereof pertaining thereto.

Also on September 17, 2018, in connection with MICT's due diligence efforts, representatives from Mintz and EGS discussed MICT's requests for financial statements of BNN and ParagonEx, and representatives from Mintz also conveyed to representatives from EGS MICT's intention to seek further assurances from BNN regarding the internal investigation. ParagonEx's financials were provided to MICT on October 2, 2018, and BNN's financials, which encompassed BI China's financials, were provided to MICT on October 9, 2018.

Also on September 17, 2018, EGS provided to Mintz initial drafts of the form of voting agreement and lock-up agreements. Subsequent drafts of such agreements were circulated between EGS and Mintz in the following months, which were finalized and executed by the relevant parties simultaneously with the Acquisition Agreement on December 18, 2018.

On October 1, 2018, principals of BNN and MICT attended a meeting at the offices of EGS to discuss certain material terms of the Acquisition Agreement.

On October 3, 2018, MICT and ParagonEx received a formal due diligence report from Hogan Lovells LLP ("HL"), which law firm was engaged to act as joint due diligence counsel to MICT and ParagonEx with respect to BNN's Chinese operations.

On October 9, 2018, Mintz sent a draft agreement to representatives from YA II PN, Ltd. ("Yorkville") in connection with the amendment of certain convertible debentures and warrants in MICT held by Yorkville (the "Yorkville Agreement"). Yorkville sent a revised draft of the Yorkville Agreement to Mintz on October 10, 2018, and negotiations regarding the same continued through early December, 2018. Following such negotiations and comments from BNN and EGS, the Yorkville Agreement was finalized on December 8, 2018 and executed on December 17, 2018.

On October 16, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement.

On October 17, 2018, a conference call was held among representatives from Mintz, MICT's management, EGS, representatives from BNN's management, and representatives from ParagonEx to discuss the termination fees to which the parties to the Acquisition Agreement would be entitled in the event that the Business Combination did not close.

On October 30, 2018, representatives from Mintz, MICT's management, MICT's Israeli counsel Naschitz, Brandes, Amir & Co. ("NB"), EGS, BNN's management, Maxim and ParagonEx attended a meeting at the offices of EGS to discuss certain open issues in the latest draft of the Acquisition Agreement, as well as mechanics for the contemplated

transactions and other matters. At this meeting, BNN and ParagonEx agreed to pay to MICT a base termination fee of \$1,800,000, which would increase to \$3,000,000 under certain specified circumstances. BNN also agreed to deposit \$900,000 and 1,363,000 shares of MICT's common stock into escrow as security for MICT in connection with such termination fee.

On November 1, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement, which incorporated the revised termination fee, as well as other material changes.

On November 6, 2018, a conference call was held among representatives from Mintz and EGS to discuss the conditions to the tender offer that would be included in the Acquisition Agreement, as well as other items that remained open in the Acquisition Agreement.

On November 7, 2018, a conference call was held among representatives from NB and HL to discuss the due diligence report concerning BNN's Chinese operations.

On November 10, 2018, Mintz provided to EGS a revised draft of the Acquisition Agreement, which was supplemented on November 12, 2018 with additional comments from NB regarding certain of the representations, warranties, and closing conditions for BNN and ParagonEx.



On November 12, 2018, EGS provided to Mintz a revised draft of the conditions to the tender offer that would be included in the Acquisition Agreement, which incorporated a new condition that BNN not be required to complete the tender offer in the event that MICT failed to satisfy any of the initial or continued listing standards of The Nasdaq Capital Market.

Also on November 12, 2018, in light of certain issues that had arisen in connection with MICT's due diligence efforts, representatives from NB, Mintz and MICT's management had discussions about the inclusion of additional protective mechanisms in the Acquisition Agreement and/or negotiating for a more favorable price for MICT's Stockholders. Other open items were discussed as well, including due diligence surrounding BNN's prior delisting from AIM, MICT, BNN and ParagonEx's respective disclosure schedules, the status of CoView's fairness opinion, and the request by ParagonEx that certain members of its current management receive an equity position in the public company resulting from the Business Combination.

On November 13, 2018, the MICT Board held an extended meeting to review the status of and open issues relating to the proposed transaction. Mr. Koch provided an overview of the latest drafts of the Acquisition Agreement and the ancillary documents, copies of which had been provided to the MICT Board in advance of the meeting, as well as the valuations currently attributed to BNN and ParagonEx. Mr. Koch also reviewed the MICT Board's fiduciary duties and other legal aspects of the transaction. Representatives from NB, HL and other advisors also made presentations as to MICT's legal and financial due diligence regarding BNN and ParagonEx. On the basis of due diligence report, the MICT Board noted several issues that it directed be discussed with BNN and ParagonEx in order to mitigate potential risks. These included but were not limited to the absence of non-compete agreements with members of ParagonEx management, the absence of definitive agreements between ParagonEx and any of its major customers under the UFX brand, the need by ParagonEx to complete the acquisition of the share capital of PX Exchange Limited, certain issues regarding BNN's share capital of its Chinese subsidiaries, and certain weaknesses in BNN and its subsidiaries' governance controls and procedures. The MICT Board also addressed MICT's prospects were it to continue as a stand-alone company, which presentation considered the Company's current cash burn, its outstanding debt, and certain other challenges. The MICT Board also considered that the transactions contemplated by the Acquisition Agreement had been public since the LOI was announced on July 2, 2018, and that no alternative proposals had been put forward between such date and the date on which the Acquisition Agreement was executed. The members the MICT Board were given the opportunity to ask questions of Mr. Koch, Guy Eyal from NB, and the other advisors who were present.

On November 14, 2018, the MICT Board held another substantial a meeting to continue its in-depth review of the Business Combination and the transactions contemplated thereby. At such meeting, representatives from CoView provided a detailed presentation regarding the fairness of the Business Combination to MICT's stockholders. Representatives from BNN and ParagonEx were also present at the meeting, and the members of the MICT Board were given the opportunity to ask questions of everyone in attendance. The MICT Board met both together and separately with BNN and ParagonEx representatives to pursue issues it had identified on November 13, 2018. The MICT Board also revisited the merits of the contemplated transactions, noting that, in connection with the tender offer, MICT's stockholder would be provided with the option to either cash out at a price that was at a premium to the market (as adjusted to give effect to the presumed reduction in the value of MICT's stock price pursuant to the

spin-off), or to participate in the spin-off of Micronet and exchange their shares of MICT's common stock for shares of the public company. In connection therewith, the MICT Board considered that, for those stockholders electing to participate in the spin-off, the shares of Micronet that they would receive in connection therewith would represent all of MICT's current value (other than the value of its listing on The Nasdaq Capital Market and certain other immaterial equity interests). The MICT Board also discussed the respective businesses of BNN and ParagonEx and the synergies that could result from the Business Combination, noting that such synergies could result in significant upside for MICT's stockholders opting not to tender their shares.

On November 15, 2018, after considering the information and evaluations from the prior meetings, the MICT Board held a telephonic meeting. At such meeting, the MICT Board determined to preliminarily approve the Business Combination and related transactions, and to grant Mr. Lucatz the authority to execute the Acquisition Agreement in substantially the form discussed at the meetings held on November 13 and 14, 2018; except that Mr. Lucatz was directed, before executing the Acquisition Agreement, to attempt to negotiate for better economic terms and to seek increased protections in the Acquisition Agreement regarding certain of the due diligence issues discussed during the meeting held on November 13, 2018 noted above.

Subsequently, a conference call was held among representatives from MICT and BNN, during which such representatives from MICT sought to negotiate that the stockholders of MICT receive a larger percentage of the public company in connection with the Business Combination. No such increase was ultimately obtained.

On November 16, 2018, representatives from Mintz communicated to EGS a list of open issues in the latest draft of the Acquisition Agreement (including issues regarding the assumption by the public company of MICT's current equity incentive plans), as well as issues regarding certain other aspects of the transactions contemplated by the Business Combination (such as the escrow agreement and the remaining ancillary documents) that needed to be resolved before the Acquisition Agreement could be signed. Multiple conference calls were held in the following days among representatives from Mintz, MICT, BNN, EGS, ParagonEx, and their respective advisors in connection with such matters.

On November 22, 2018, representatives from Herzog Fox & Ne'eman ("HFN"), counsel to ParagonEx, provided to Mintz and EGS a revised draft of the Acquisition Agreement giving effect to many of Mintz and EGS's proposed changes to ParagonEx's representations, warranties and covenants.

On November 27, 2018, in connection with the announcement of its third quarter 2018 financial results, MICT disclosed in a press release that it was continuing to negotiate definitive agreements for the transactions contemplated by the LOI.

Between November 27, 2018 and December 13, 2018, HFN, Mintz and EGS held numerous conferences calls, and exchanged updated versions of the Acquisition Agreements and schedules related thereto. The focus of such discussions were on the remaining open issues, which included but were not limited to actions permitted to be taken by MICT during the interim period (such as the incurrence of additional debt), conditions to the tender offer, composition of the consideration to be paid to ParagonEx, closing conditions for MICT, BNN and ParagonEx, the assumption by the public company of MICT's current equity incentive plans, the capitalization structure of the public company, signatories to the voting agreement (which was ultimately signed only by Mr. Lucatz on behalf of his affiliates that are stockholders of MICT), termination fee triggers and escrow arrangements, the size of the tender offer (which was ultimately reduced from 35.2% to 20% of MICT's outstanding shares of common stock based in part on

the understanding that neither Mr. Lucatz nor his affiliates nor BNN would tender any shares), the ratio by which each share of MICT's common stock that was not validly tendered would convert into shares of the public company (which was ultimately reduced from 1:1 to 1:0.93 due to uncertainties relating to the possible compensation of Sunrise in connection with the Business Combination), retention arrangements for ParagonEx's management, and the Yorkville Agreement, subsequent drafts of the Acquisition Agreement, the disclosure schedules and the ancillary documents were circulated among HFN, Mintz and EGS on November 27, 2018, November 28, 2018, December 4, 2018, December 7, 2018, December 9, 2018, December 10, 2018, December 13, 2018, December 14, 2018, and December 15, 2018, and multiple conference calls were held among the parties to the Acquisition Agreement and/or their representatives and advisors regarding the same, including on December 5, 2017 (among representatives from Mintz, NB, EGS and BNN), December 6, 2018 (among representatives from Mintz, NB, EGS, BNN, and Maxim), December 7, 2018 (among representatives from MICT, Mintz, NB, EGS, BNN, HFN, ParagonEx and Maxim), and December 13, 2018 (among representatives from MICT, Mintz, NB, EGS, BNN, HFN, ParagonEx and Maxim).

On December 7, 2018, EGS sent to Mintz a draft of the escrow agreement concerning the \$900,000 and shares of MICT's common stock that BNN had agreed to deposit as security for MICT in connection with the termination fee, and on December 9, 2018, Mintz sent a further revised draft to EGS seeking to amend, among other provisions, the circumstances under which the escrow property would be released, as well as BNN's ability to vote the escrowed shares during any period of contention. Subsequent drafts of the escrow agreement were circulated between EGS and Mintz in the following days, and the agreement was finalized on December 17, 2018 and executed by MICT, BNN and the escrow agent on December 18, 2018.

On December 12, 2018, the MICT Board held a telephonic meeting to consider the status of the Business Combination and the transactions contemplated thereby. At such meeting, Mr. Lucatz and representatives from Mintz described the status of the latest draft of the Acquisition Agreement and the ancillary documents and highlighted the material changes to the Acquisition Agreement since the version reviewed at the meetings held on November 13 and 14, 2018. The MICT Board engaged in robust discussion regarding the remaining open issues.

On December 17, 2018, the MICT Board held another meeting to focus on recent changes to the Business Combination and the transactions contemplated thereby and their effects, if any, on the fairness opinion being presented by CoView. Specifically, at such meeting, representatives from Mintz provided an overview of the latest drafts of the Acquisition Agreement (which had been circulated in advance of the meeting) and the ancillary documents since the versions reviewed at the meetings held on November 13, 2018, November 14, 2018 and December 12, 2018. In connection therewith, representatives from CoView communicated to the MICT Board that CoView had reviewed such changes to the Acquisition Agreement (including but not limited to the reduction in the tender offer from 35.2% to 20%, and the reduction in the conversion ratio from 1:1 to 1:0.93), and that after considering such changes, and based on the methodology that was previously presented, CoView had concluded that the Business Combination was fair to the stockholders of MICT (other than BNN and its affiliates) from a financial point of view, and that CoView was prepared to issue an opinion regarding the same. Such opinion was delivered on or about December 17, 2018.

Also at such meeting, the MICT Board discussed several areas where MICT was successful in negotiating concessions or better outcomes than were originally advanced by BNN and ParagonEx (including with respect to the termination fees, the tender offer, actions permitted to be taken by MICT during the interim period, and certain other structural provisions that increased deal certainty from MICT's perspective). The MICT Board also revisited the merits of the Business Combination that were discussed at the meeting held on November 14, 2018, and highlighted that MICT had negotiated for increased protections in the Acquisition Agreement regarding certain of the due diligence issues discussed during the meeting held on November 13, 2018, such as the addition of a closing condition requiring ParagonEx to enter into a definitive agreement with UFX, the requirement that certain members of ParagonEx management enter into non-compete agreements in advance of closing, the inclusion of a covenant that ParagonEx would use its best efforts to complete the PX Exchange acquisitions, and the inclusion of covenants to remedy certain of BNN's share capital issues and concerns about governance controls and procedures.

The MICT Board expressed consensus and satisfaction that the appropriate corporate governance steps had been taken. The MICT Board expressed its view that the Business Combination was the best opportunity for maximizing MICT's stockholder value, including with respect to the tender offer, the opportunity to receive a termination fee in the event that the Business Combination did not close, and the other favorable deal terms. Following such discussion, the MICT Board unanimously determined that the transactions contemplated by the Acquisition Agreement, including the Business Combination and the tender offer, were advisable, fair to, and in the best interest of MICT and MICT's Stockholders; approved and declared advisable the Acquisition Agreement and the transactions contemplated therein; and determined to recommend, upon the terms and subject to the conditions of the Acquisition Agreement, that MICT's Stockholders vote to approve the Acquisition Agreement and the transactions contemplated therein. MICT's management was directed to execute the Acquisition Agreement and the ancillary documents.

On December 18, 2018, the Acquisition Agreement and ancillary documents were finalized and executed by the parties thereto.

On December 20, 2018, MICT, BNN and ParagonEx issued a press release to announce the Business Combination, the tender offer, and the other transactions contemplated by the Acquisition Agreement.

## PROPOSAL 1: THE BUSINESS COMBINATION PROPOSAL

### The Acquisition Agreement

#### *Overview*

On December 18, 2018 the following parties entered into the Acquisition Agreement: (i) MICT, (ii) GFH, (iii) Merger Sub, (iv) BNN, (v) BI China, (vi) the BI China Sellers; (vii) ParagonEx, (viii) the ParagonEx Executing Shareholders, and the 102 Trustee as registered holder on behalf of all ParagonEx Executing Shareholders who are beneficial owners of 102 Shares (collectively representing not less than 75% of the ParagonEx equity securities outstanding on a fully diluted basis) and (ix) the ParagonEx Seller Representative. MICT, GFH, Merger Sub, BNN, BI China, the BI China Sellers, ParagonEx, the ParagonEx Sellers and the ParagonEx Seller Representative are sometimes referred to herein individually as a “Party” and, collectively, as the “Parties.” The following is a summary of the key terms of the Acquisition Agreement.

The Acquisition Agreement contemplates a series of five (5) transactions (together, the “**Transactions**”): (1) a tender offer (the “**Offer**”); (2) a merger between MICT and Merger Sub, with MICT continuing as the surviving entity (the “**Merger**”); (3) an acquisition by GFH of all the issued and outstanding Securities of BI China from BNN and the other BI China Sellers in exchange for newly issued GFH Ordinary Shares (the “**BNN Acquisition**”); (4) an acquisition by GFH of all the issued and outstanding ParagonEx Ordinary Shares from the ParagonEx Sellers who are shareholders in exchange for a combination of cash and newly issued GFH Ordinary Shares (the “**ParagonEx Acquisition**”); and (5) a spin-off of MICT’s current business assets, including MICT’s interest in Micronet Ltd., a partially owned subsidiary, to MICT’s Stockholders who retain shares of MICT after the Offer (the “**Spin-Off**,” and together with the Offer, the Merger, the BNN Acquisition, the ParagonEx Acquisition and the other transactions contemplated by the Acquisition Agreement.

In addition, in December 2018, GFH conducted a private placement (the “**GFH Private Placement**”), in connection with which GFH entered into subscription agreements with certain investors (the “**Private Placement Investors**”) and pursuant to which such Private Placement Investors agreed to purchase an aggregate of approximately \$23,500,000 in ordinary shares of GFH, the proceeds of which shall be released to GFH immediately prior to the Closing, conditioned upon receipt of approval of the stockholders of MICT of the Transactions and satisfaction or waiver of the conditions to Closing set forth in Article XII of the Acquisition Agreement. The subscription agreement includes various closing conditions, including, among others, (i) acceptance by GFH of the subscriptions, (ii) the closing of the Transactions is consummated on the terms set forth in the Acquisition Agreement, (a) on or before March 15, 2019 or (b) in the event that the registration statement of MICT is still under review by Securities and Exchange Commission and the Special Meeting is scheduled for a date prior to April 15, 2019, on or before April 15, 2019; however, if this proxy statement/prospectus and approval of listing of GFH’s securities on the Nasdaq Stock Market LLC is proceeding

in the ordinary course such that comments from the SEC have been responded to in a timely manner and the Special Meeting for approval and closing can be accomplished by no later than May 15, 2019, then such April 15, 2019 date will be extended to May 15, 2019; (iii) the Acquisition Agreement is not terminated by any of the parties thereto; and (iv) no fraud is alleged in connection with the Subscription Agreement or the Acquisition Agreement. The subscription agreements shall terminate (i) in the event that any of the closing conditions set forth in the subscription agreements are not satisfied or waived on or prior to closing of the GFH Private Placement, or (ii) upon the termination of the Acquisition, upon which GFH will immediately return to the Private Placement Investors all amounts, without interest or deduction. The closing of the sale of the ordinary shares of GFH is contingent upon a resale registration statement being declared effective by the Securities and Exchange Commission.

The proceeds of the GFH Private Placement, plus any funds contributed by BI China to cover any shortfall of the GFH Private Placement, along with senior unsecured promissory notes in a total principal amount of (i) \$10,000,000 if paid in a single lump sum, or (ii) \$12,000,000 payable in eight equal installments over a period of 22 months, at GFH's sole discretion, to the ParagonEx Sellers as partial consideration for the ParagonEx Ordinary Shares to be acquired by GFH in the ParagonEx Acquisition.

BNN will commence the Offer for up to approximately 20% of the outstanding shares of MICT Common Stock, from the public stockholders of MICT at a price of \$1.65 per share, within fifteen (15) business days and upon the terms and conditions of the Acquisition Agreement. The Offer shall be subject to the satisfaction or waiver (to the extent permitted by this Agreement and under applicable Laws) of the conditions set forth in Annex II of the Acquisition Agreement. The initial expiration date of the Offer is a minimum of twenty (20) business days following the commencement of the Offer.

Subject to the approval by the holders of MICT Common Stock (the “**MICT Stockholders**”), MICT and Merger Sub shall consummate the Merger, pursuant to which, among other things, (A) Merger Sub will merge with and into MICT, following which MICT will continue as the surviving corporation; (B) the board of directors and executive officers of Merger Sub will each hold office in MICT as the Surviving Corporation; and (C) every issued and outstanding share of MICT Common Stock, subject to the limitations set forth in the Acquisition Agreement, will be converted automatically into 0.93 GFH Ordinary Share (the “**Conversion Ratio**”), unless otherwise required for Nasdaq listing purposes, following which all shares of MICT Common Stock will automatically be canceled and cease to exist. For information on the material terms and rights associated with the shares of MICT Common Stock, see the section entitled “*Description of MICT Securities.*”



BNN and the other BI China Sellers (or BNN on behalf of such BI China Sellers) will sell, convey, assign and deliver to GFH all of the issued and outstanding BI China Securities. As full consideration for the securities of BI China, GFH will issue to the BI China Sellers (including BNN) an aggregate number of GFH Ordinary Shares pursuant to the terms and conditions of the Acquisition Agreement.

GFH will purchase the ParagonEx Securities of the ParagonEx Sellers, and as consideration, the ParagonEx Sellers will receive the following: (a) the Cash Payment from the GFH Private Placement and funds received from BI China pursuant to the GFH Private Placement shortfall, if applicable; (b) the ParagonEx Notes; (c) an aggregate number of GFH Ordinary Shares (the “**ParagonEx Exchange Shares**”) equal to the quotient of a fraction, the numerator of which is equal to \$165 Million, less the ParagonEx Cash Payment, plus an amount equal to \$25 Million, and the denominator of which is the GFH Share Price. In addition, GFH shall issue and deliver to each of Saar Pilosof and Haim Toledano (in addition to the ParagonEx Exchange Shares issued to them in their capacity as ParagonEx Sellers) an aggregate number of GFH Ordinary Shares constituting 0.5084% (and for both of them together 1.0168%) of the total issued and outstanding shares of GFH immediately following the Closing and following the issuance of such additional shares, on a fully diluted basis.

Subject to the terms and conditions of the Acquisition Agreement, and assuming that none of the shares of MICT’s common stock are purchased by BNN in connection with the Offer, MICT’s Stockholders will own approximately 5.27% of GFH after giving effect to the transactions contemplated by the Acquisition Agreement.

#### Interests of MICT’s Directors and Officers in the Business Combination

Subject to, and upon Closing of, the Business Combination, MICT will issue to its directors/officers the following awards (i) to each of MICT’s Board members, including its Chief Executive Officer, 300,000 options to purchase MICT Common Stock (1,200,000 options in the aggregate) with an exercise price equal to the GFH Purchase Price Per Share, which shall be granted as success bonuses under MICT’s existing Stock Incentive Plans or under the GFH Equity Plan (including the GFH Israeli Sub-Plan) and which shall be converted into MICT Replacement Options (as described in Section 2.6(b) of the Acquisition Agreement) and which, for the avoidance of doubt, and notwithstanding the termination of the employment or directorship of the optionholder, shall expire on the 15 month anniversary of the Closing Date); and (ii) up to an additional 300,000 restricted shares of MICT Common Stock, to be issued to officers and service providers of MICT and to Mr. Jeffrey P. Bialos, a director of MICT, who shall be entitled to 80,000 restricted shares as consideration for certain special efforts and services in actively participating in negotiations for the Business Combination and the transactions contemplated thereby. In addition, DL Capital Ltd. (“**DL Capital**”), an entity under the control of David Lucatz, is entitled to receive (i) an annual bonus of 3% of the amount by which the annual earnings before interest, tax, depreciation and amortization, or EBITDA, for such year exceeds the average annual EBITDA for 2011 and 2010, or \$0, and (ii) a one-time bonus of 0.5% of the purchase price of any acquisition completed by MICT during the term of the agreement, or approximately \$92,079, as a result of the Business Combination. Furthermore, following the Business Combination, the rights and obligations under the DPW Consulting Agreement will be assigned to Mr. Lucatz. Pursuant to the DPW Consulting Agreement (as defined

herein), Coolisys Technologies Inc. will, for each of the next two years, pay Mr. Lucatz a consulting fee of \$150,000 as well as issue Mr. Lucatz 150,000 restricted shares of DPW Class A common stock, which restricted shares are valued at \$15,000 based on the closing stock price of DWP Class A common stock on February 1, 2019.

Under the Acquisition Agreement it is stipulated that two (2) individuals who serve as directors of MICT as of the date of the Acquisition Agreement (the “**Continuing Directors**”), shall be selected by ParagonEx (subject to the agreement of such individuals to serve, and provided further that the selection shall be made prior to the mailing or distribution of this proxy statement to the stockholders of MICT), and shall serve as members of GFH Board until the earlier of the completion of the Spin-Off or 180 days after the closing of the Business Combination Transaction.

In addition, Mr. David Lucatz, CEO and Chairman of the MICT Board, has certain holdings through his affiliates which constitute approximately 13% of MICT's outstanding common stock not including options and restricted stock set forth above, as well as right to be assigned, upon the closing of the Business Combination, certain rights in connection with the Consulting Agreement entered into by and between MICT, Enertec, Coolisys Technologies Inc., DPW Holdings, Inc. and Mr. Lucatz, pursuant to which MICT, via Mr. Lucatz, agreed to provide Enertec with certain consulting and transitional services over a three year period in exchange for an annual consulting fee of \$150,000 plus certain issuances of restricted stock. In connection with the Business Combination, all rights and obligations under such agreement shall be assigned to Mr. Lucatz, along with all equity issued pursuant thereto.

### Golden Parachute Compensation

This section sets forth the information required by Item 402(t) of Regulation S-K regarding the compensation that is based on or otherwise relates to the Business Combination that may become payable to the MICT named executive officers, in accordance with SEC rules and as determined as of the end of MICT's 2018 fiscal year. This compensation is referred to as "golden parachute" compensation by the applicable SEC disclosure rules, and in this section MICT uses this term to describe this Business Combination-related compensation payable to MICT's named executive officers, who are MICT's current Chief Executive Officer and Chief Financial Officer and its former Chief Financial Officer. The tables below summarize potential golden parachute compensation, if any, that each named executive officer could be entitled to receive from MICT if the Business Combination is completed. Please note that the amounts indicated below are estimates based on multiple assumptions that may or may not actually occur, including assumptions described herein. Accordingly, the actual amounts, if any, to be received may differ in material respects from the amounts set forth below.

#### All Golden Parachute Compensation<sup>(5)</sup>

	Cash	Equity	COBRA Benefits	Total
David Lucatz	\$392,079 <sup>(1)</sup>	\$30,000 <sup>(2)</sup>	\$ —	\$422,079
Tali Dinar <sup>(3)</sup>	\$ —	\$ —	\$ —	\$ —
Oren Harari <sup>(4)</sup>	\$ —	\$ —	\$ —	\$ —

(1) This amount represents the total estimated cash bonus payable to DL Capital, an entity controlled by Mr. Lucatz, pursuant to that certain Management and Consulting Services Agreement dated November 26, 2012 by and between MICT and DL Capital (the "**Consulting Agreement**"). Under the Consulting Agreement, Mr. Lucatz, through DL Capital, is entitled to receive a one-time bonus of 0.5% of the purchase price of the acquisition of MICT as a result of the Business Combination, or \$92,079. Such estimated amount is calculated as 0.5% of the MICT acquisition value, which in turn was estimated by (i) multiplying the GFH Purchase Price Per Share by 11,092,115, which represents the aggregate number of shares of GFH that current stockholders of MICT will receive upon the consummation of the Business Combination, (ii) adding \$1.50 million, the enterprise value of Micronet, and (iii) subtracting 7% of such value to represent the shares that are being held back for issuance to Sunrise Securities, Trump Securities or their Affiliates. The amount also represents \$300,000, which Mr. Lucatz is

entitled to receive from DPW Holdings, Inc. (“**DPW**”), over the next two years, pursuant to a consulting agreement (the “**DPW Consulting Agreement**”), among Micronet, Enertec Management Ltd., Enertec Systems 2001 Ltd., Coolisys Technologies Inc., DPW and Mr. Lucatz, as a result of the rights and obligations under the DPW Consulting Agreement being assigned to Mr. Lucatz.

Mr. Lucatz will be granted options to purchase upto 300,000 shares of GFH Common Stock at an exercise price of \$1.65 per share. However, these options have an exercise price above \$0.84 (the average closing market price per share of MICT’s common stock over the first five business days following the public announcement of the merger), and therefore, based on the difference between \$0.84 and the option exercise price, no vesting of in-the-money

- (2) option awards will be accelerated as a result of the merger. Furthermore, under the DPW Consulting Agreement, which was assigned to Mr. Lucatz, Mr. Lucatz is entitled to receive 150,000 restricted shares of DPW Class A common stock from DPW for each of the next two years, the estimated value of which, based on the closing price of the DPW Class A common stock on February 1, 2019, is an aggregate of \$30,000.

On August 13, 2018, Mrs. Tali Dinar, MICT’s Chief Financial Officer, and MICT, jointly agreed to terminate her employment. Mrs. Dinar continued to provide her services to MICT as required under Israeli law/her engagement agreement until January 13, 2019. Mrs. Dinar’s employment termination was not as a result of any disagreement or dispute with MICT but rather as a result of the current needs of MICT as a result from the sale of MICT’s subsidiary, Enertec Systems 2001, Ltd.

- (3) Oren Harari is MICT’s former Chief Financial Officer and is no longer an employee, director or consultant of MICT.

- (4) The named executive officers are not entitled to receive pension or non-qualified deferred compensation benefits or enhancements or any tax reimbursements in connection with the Business Combination.

Subject to, and upon Closing of, the Acquisition Agreement and the related Business Combination, MICT is permitted to issue to its CEO up to 300,000 options to purchase ordinary shares of GFH with an exercise price of \$1.65 per share (the “**GFH Purchase Price Per Share**”), which shall be granted as success bonuses under MICT’s existing Stock Incentive Plans or under the GFH Equity Plan (including the GFH Israeli Sub-Plan) and which shall be converted into MICT Replacement Options and which, for the avoidance of doubt, and notwithstanding the termination of the employment or directorship of the optionholder, shall expire on the 15-month anniversary of the Closing Date). In addition, DL Capital Ltd. (“**DL Capital**”), an entity under the control of David Lucatz, is entitled to receive (i) an annual bonus of 3% of the amount by which the annual earnings before interest, tax, depreciation and amortization, or EBITDA, for such year exceeds the average annual EBITDA for 2011 and 2010, or \$0, and (ii) a one-time bonus of 0.5% of the purchase price of any acquisition completed by MICT during the term of the agreement, or approximately \$92,079, as a result of the Business Combination. Furthermore, following the Business Combination, the rights and obligations under the DPW Consulting Agreement will be assigned to Mr. Lucatz. Pursuant to the DPW Consulting Agreement, Coolisys Technologies Inc. will, for each of the next two years, pay Mr. Lucatz a consulting fee of \$150,000 as well as issue Mr. Lucatz 150,000 restricted shares of DPW Class A common stock, which restricted shares are valued at \$15,000 based on the closing stock price of DWP Class A common stock on February 1, 2019.

#### Comparison of stockholders rights between Delaware and the British Virgin Islands

The corporate affairs of GFH will be governed by its memorandum and articles of association and the provisions of applicable British Virgin Islands law, including the Companies Act. The corporate affairs of MICT are governed by its certificate of incorporation, its bylaws and Delaware General Corporation Law. The Companies Act differs from the Delaware General Corporation Law and other laws applicable to United States corporations and their stockholders. Set forth below is a summary of some significant differences between the provisions of the Companies Act that are applicable to GFH and the laws applicable to MICT and its stockholders. A brief discussion of certain other provisions of the Companies Act and British Virgin Islands law also follows.

We cannot predict whether British Virgin Islands courts would reach the same conclusions based on a particular set of facts as the U.S. courts would be expected to reach. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling stockholders than would stockholders of a corporation incorporated in a United States jurisdiction, such as Delaware, which has developed a substantial body of case law.

The following table provides a comparison between the statutory provisions of the Companies Act and the provisions of our memorandum and articles of association and the Delaware General Corporation Law relating to stockholders’ rights.

#### British Virgin Islands

#### Delaware

### Shareholder Meetings

- Held at a time and place as determined by the directors.
- May be held at such time or place as designated in the charter or the bylaws, or if not so designated, as determined by the board of directors.
- May be held within or outside the British Virgin Islands.
- May be held within or without Delaware.
- Notice:
- Notice:

### **British Virgin Islands**

A copy of the notice of any meeting shall be given not fewer than ten (10) days before the date of the proposed meeting to those persons whose names appear in the register of members on the date the notice is given and are entitled to vote at the meeting.

### **Stockholders' Voting Rights**

- Any person authorized to vote may be represented at a meeting by a proxy who may speak and vote on behalf of the shareholder.
- Quorum is fixed by our memorandum and articles of association, to consist of the holder or holders present in person or by proxy entitled to exercise at least 50 percent of the voting rights of the shares of each class or series of shares entitled to vote as a class or series thereon.

Subject to any rights or restrictions attached to any shares, at any general meeting on a show of hands every shareholder who is present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote and on a poll every shareholder present in person (or, in the case of a shareholder being a corporation, by its duly appointed representative) or by proxy shall have one vote for each share which such shareholder is the holder.

### **Delaware**

Whenever shareholders are required to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and the means of remote communication, if any.

- Any person authorized to vote may authorize another person or persons to act for him by proxy.
- For stock corporations, the charter or bylaws may specify the number to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares shall constitute a quorum

For non-stock companies, the charter or bylaws may specify the number of stockholders to constitute a quorum. In the absence of this, one-third of the stockholders shall constitute a quorum.

## British Virgin Islands

A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, the chairman demands a poll, or any other shareholder or shareholders collectively present in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) and holding at least ten per cent. in par value (if all the issued shares have a par value), or otherwise by number of the shares giving a right to attend and vote at the meeting demand a poll.

Changes in the rights attaching to the GFH Ordinary Shares require the approval by way of resolution of only a majority of those outstanding GFH Ordinary Shares attending at the meeting and voting in respect of such resolution.

The rights attaching to the preferred shares may be changed by way of a resolution of a majority of the votes attending and voting at the relevant meeting or class meeting.

However, in the case of both the GFH Ordinary Shares and the preferred shares, the above is subject to any greater majority is required under our memorandum and articles of association or the Companies Act, provided that that for these purposes the creation, designation or issue of preferred shares with rights and privileges ranking in priority to an existing class of shares shall be deemed not to be a variation of the rights of such existing class.

Cumulative voting in the election of directors is not provided for.

## Delaware

Except as provided in the charter documents, changes in the rights of stockholders as set forth in the charter documents require approval of a majority of its stockholders.

The certificate of incorporation may provide for cumulative voting.



### **British Virgin Islands**

All other matters to be decided upon by the shareholders require a majority vote of shareholders who being so entitled attend and vote at the general meeting, unless the Companies Act requires a higher majority. Our memorandum and articles of association also may be amended by resolution of directors, including to create the rights, preferences, designations and limitations attaching to any blank check preferred shares.

### **Directors**

Board must consist of at least one director

Maximum and minimum number of directors can be changed by an amendment to the articles of association, with such amendment being passed by a resolution of shareholders or a resolution of directors

Directors are appointed for three year staggered terms by the shareholders (as described under “Directors” below). However, the directors may by resolution appoint a replacement director to fill a casual vacancy arising on the resignation, disqualification or death of a director. The replacement director will then hold office until the next annual general meeting at which the director he replaces would have been subject to retirement by rotation.

### **Delaware**

Board must consist of at least one member.

Number of board members shall be fixed by the bylaws, unless the charter fixes the number of directors, in which case a change in the number shall be made only by amendment of the charter.

## British Virgin Islands

Directors do not have to be independent.

### Fiduciary Duties

Directors and officers owe fiduciary duties at both common law and under statute which include, without limitation, the following:

Duty to act honestly and in good faith in what the directors believe to be in the best interests of the company;

Duty to exercise powers for a proper purpose and directors shall not act, or agree to act, in a matter that contravenes the Companies Act or the memorandum and articles of association;

Duty to exercise the care, diligence and skill that a reasonable director would exercise in the circumstances taking into account, without limitation:

- (a) the nature of the company;
- (b) the nature of the decision; and
- (c) the position of the director and the nature of the responsibilities undertaken by him.

So long as a director has disclosed any interests in a transaction entered into or to be entered into by the company to the board he/she may:

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
- (c) sign a document on behalf of the company, or do any other thing in his capacity as a director, that relates to the transaction.

## Delaware

Directors do not have to be independent.

Directors and officers must act in good faith, with the care of a prudent person, and in the best interest of the corporation.

Directors and officers must refrain from self-dealing, usurping corporate opportunities and receiving improper personal benefits.

Decisions made by directors and officers on an informed basis, in good faith and in the honest belief that the action was taken in the best interest of the corporation will generally be protected by the “business judgment rule.”

Directors may vote on a matter in which they have an interest so long as the director has disclosed any interests in the transaction.

As noted above, the Companies Act differs from laws applicable to Delaware corporations and their stockholders. Set forth below is a summary of some of the significant provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in Delaware and their stockholders.

### *Mergers and Similar Arrangements*

The Companies Act provides for mergers as that expression is understood under Delaware corporate law. Under the Companies Act, two or more companies may either merge into one of such existing companies (the “**surviving company**”) or consolidate with both existing companies ceasing to exist and forming a new company (the “**consolidated company**”). The procedure for a merger or consolidation between the company and another company (which need not be a BVI company, and which may be the company’s parent or subsidiary, but need not be) is set out in the Companies Act. The directors of the BVI company or BVI companies which are to merge or consolidate must approve a written plan of merger or consolidation which, with the exception of a merger between a parent company and its subsidiary, must also be approved by a resolution of the shareholders passed in accordance with the memorandum and articles of the relevant BVI company. In respect of any such resolution of shareholders, (a) the outstanding shares of every class of shares that are entitled to vote on the merger or consolidation as a class, if the memorandum or articles so provide, or, if the plan of merger or consolidation contains any provisions that, if contained in a proposed amendment to the memorandum or articles, would entitle the class to vote on the proposed amendment as a class; (b) if the resolution of shareholders is to be passed by way of a meeting of the shareholders, notice of the meeting, accompanied by a copy of the plan of merger or consolidation, shall be given to each shareholder, whether or not entitled to vote on the merger or consolidation; and (c) if the resolution of shareholders is to be passed by way of written consent, a copy of the plan of merger or consolidation shall be given to each member, whether or not entitled to consent to the plan of merger or consolidation. A foreign company which is able under the laws of its foreign jurisdiction to participate in the merger or consolidation is required by the Companies Act to comply with the laws of that foreign jurisdiction in relation to the merger or consolidation. Each company participating in the merger or consolidation must then execute articles of merger or consolidation, containing certain prescribed details. The plan and articles of merger or consolidation are then filed with the Registrar of Corporate Affairs in the British Virgin Islands. The Registrar then registers the articles of merger or consolidation and any amendment to the memorandum and articles of the surviving company in a merger or the memorandum and articles of association of the new consolidated company in a consolidation and issue a certificate of merger or consolidation (which is conclusive evidence of compliance with all requirements of the Companies Act in respect of the merger or consolidation). In the case of a merger or consolidation where the surviving company or constituent company is to be incorporated in the British Virgin Islands, the merger or consolidation is effective on the date that the articles of merger are registered with the Registrar or on such subsequent date, not exceeding thirty days, as is stated in the articles of merger or consolidation.

As soon as a merger or consolidation becomes effective: (a) the surviving company or consolidated company (so far as is consistent with its memorandum and articles of association, as amended or established by the articles of merger or consolidation) has all rights, privileges, immunities, powers, objects and purposes of each of the constituent companies; (b) in the case of a merger, the memorandum and articles of association of the surviving company are automatically amended to the extent, if any, that changes to its amended memorandum and articles of association are contained in the articles of merger, (c) in the case of a consolidation, the memorandum and articles of association filed with the articles of consolidation are the memorandum and articles of the consolidated company; (d) assets of every description, including choses-in-action and the business of each of the constituent companies, immediately vest in the surviving company or consolidated company; (e) the surviving company or consolidated company is liable for all claims, debts, liabilities and obligations of each of the constituent companies. Where a merger or consolidation occurs, (a) no conviction, judgment, ruling, order, claim, debt, liability or obligation due or to become due, and no cause existing, against a constituent company or against any member, director, officer or agent thereof, is released or impaired by the merger or consolidation; and (b) no proceedings, whether civil or criminal, pending at the time of a merger by or against a constituent company, or against any member, director, officer or agent thereof, are abated or discontinued by the merger or consolidation; but: (i) the proceedings may be enforced, prosecuted, settled or compromised by or against the surviving company or consolidated company or against the member, director, officer or agent thereof; as the case may be; or (ii) the surviving company or consolidated company may be substituted in the proceedings for a constituent company. Where the surviving company or the consolidated company is to be incorporated under the laws of a jurisdiction outside of the British Virgin Islands, it shall file: (a) an agreement that a service of process may be effected on it in the British Virgin Islands in respect of proceedings for the enforcement of any claim, debt, liability or obligation of a constituent company that is registered under the Companies Act or in respect of proceedings for the enforcement of the rights of a dissenting member of a constituent company that is a company registered under the Companies Act against the surviving company or the consolidated company, (b) an irrevocable appointment of its registered agent as its agent to accept service of process in proceedings referred to in (a), (c) an agreement that it will promptly pay to the dissenting members of a constituent company that is a company registered under the Companies Act the amount, if any, to which they are entitled under the Companies Act with respect to the rights of dissenting members; and (d) a certificate of merger or consolidation issued by the appropriate authority of the foreign jurisdiction where it is incorporated; or, if no certificate of merger or consolidation is issued by the appropriate authority of the foreign jurisdiction, then, such evidence of the merger or consolidation as the Registrar of the British Virgin Islands considers acceptable.

In the case of a merger or consolidation where the surviving company or the consolidated company is to be incorporated under the laws of a jurisdiction outside of the British Virgin Islands, the merger or consolidation is effective as provided by the laws of such jurisdiction. The Registrar shall strike off the register of companies each constituent company that is not the surviving company in the case of a merger and all constituent companies which participate in a consolidation.

If the directors determine it to be in the best interests of the company, it is also possible for a merger to be approved as a court approved plan of arrangement or scheme of arrangement in accordance with the Companies Act.

### *Directors*

Our directors are appointed by our shareholders and are subject to rotational retirement every three years. The initial terms of office of the Class I, Class II and Class III directors have been staggered over a period of three years to ensure that all directors of the company do not face reelection in the same year. However, the directors may by resolution appoint a replacement director to fill a casual vacancy arising on the resignation, disqualification or death of a director. The replacement director will then hold office until the next annual general meeting at which the director he replaces would have been subject to retirement by rotation. There is nothing under the laws of the British Virgin Islands that specifically prohibits or restricts the creation of cumulative voting rights for the election of our directors. Our memorandum and articles of association do not provide for cumulative voting for such elections.

There are no share ownership qualifications for directors.

Meetings of our board of directors may be convened at any time by any of our directors.

A meeting of our board of directors will be quorate if at least a majority of the directors are present or represented by an alternate director. At any meeting of our directors, each director, whether by his or her presence or by his or her alternate, is entitled to one vote. Questions arising at a meeting of our board of directors are required to be decided by simple majority votes of the directors present or represented at the meeting. Our board of directors also may pass resolutions without a meeting by unanimous written consent.

### *Alternate Directors*

Our memorandum and articles of association provide that each of our directors may appoint an alternate (who need not be another director of the company). The alternate of any director shall be entitled to attend board meetings in the absence of the director who appointed him or her and to vote or give written consent in place of that director until the alternate's appointment lapses or is terminated (an alternate's appointment, if it has not already done so, will automatically terminate on his appointor ceasing to be a director).

### *Agents*

Our board of directors has the power to appoint any person (whether or not a director or other officer of ours) to be an agent of the company. Our memorandum and articles of association provide that an agent of the company shall be able to exercise such powers and authorities of the directors (which may include the power to affix the company's seal) as the directors may allow when appointing the agent, except that, as stated in our memorandum and articles of association and the Companies Act, no agent shall have been given any power or authority to amend the memorandum or the articles to change the registered office or agent; to fix emoluments of directors; to designate committees of directors; to delegate powers to a committee of directors; to appoint or remove directors; to appoint or remove an agent; to approve a plan of merger, consolidation or arrangement; to make a declaration of solvency or to approve a liquidation plan; to make a determination in connection with a distribution that the company will, immediately after a proposed distribution, satisfy the relevant solvency test; or to authorize the company to continue as a company incorporated under the laws of a jurisdiction outside of the British Virgin Islands. When appointing an agent of ours, our directors may authorize the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent. Our directors may remove an agent and may revoke or vary a power conferred on him.

### *Indemnification of Directors*

Our memorandum and articles of association provide that, subject to certain limitations, we shall indemnify our directors and officers against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings. Such indemnity only applies if the person acted honestly and in good faith with a view to our best interests and, in the case of criminal proceedings, the person had no reasonable cause to believe that his or her conduct was unlawful. The decision of the directors as to whether the person acted honestly and in good faith and with a view to our best interests and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the memorandum and articles of association, unless a question of law is involved. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to our best interests or that the person had reasonable cause to believe that his or her conduct was unlawful.

### *Directors and Conflicts of Interest*

Directors must not place themselves in a position in which there is a conflict between their duty to the company and their personal interests. This means that, strictly speaking, a director should not participate in a decision in circumstances where he has a potential conflict. That is, he should declare his interest and abstain. The Companies Act provides that a director “shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the company, disclose the interest to the board of the company”. The failure of a director to so disclose an interest does not affect the validity of a transaction entered into by the director or the company, provided that the director’s interest was disclosed to the board prior to the company’s entry into the transaction or was not required to be disclosed (for example where the transaction is between the company and the director himself or is otherwise in the ordinary course of business and on usual terms and conditions). Our memorandum and articles of association allow a director interested in a particular transaction to vote on it, attend meetings at which it is considered, and sign documents on behalf of the company which relate to the transaction.

Under the laws of the British Virgin Islands, a transaction entered into by the company in respect of which a director is interested will not be voidable by the company where the members have approved or ratified the transaction in knowledge of the material facts of the interest of the director in the transaction, or if the company received fair value for the transaction.

Broadly speaking, the duties that a director owes to a company may be divided into two categories. The first category encompasses fiduciary duties, that is, the duties of loyalty, honesty and good faith. The second category encompasses duties of skill and care. Each is considered in turn below:

A director's fiduciary duties can be summarized as follows:

- (a) Bona Fides: The directors must act bona fide in what they consider is in the best interests of the company.
- (b) Proper Purpose: The directors must exercise the powers that are vested in them for the purpose for which they were conferred and not for a collateral purpose.
- (c) Unfettered Discretion: Since the powers of the directors are to be exercised by them in trust for the company, they should not improperly fetter the exercise of future discretion.
- (d) Conflict of Duty and Interest: as per the above.

In addition to their fiduciary duties a director has the duties of care, diligence and skill which are owed to the company itself and not, for example, to individual members (subject to the limited exceptions as to enforcement on behalf of the company).



### *Shareholders' Suits*

In certain circumstances, a shareholder has the right to seek various remedies against a company in the event the directors are in breach of their duties under the Companies Act. Pursuant to Section 184B of the Companies Act, if a company or director of a company engages in, or proposes to engage in or has engaged in, conduct that contravenes the provisions of the Companies Act or the memorandum or articles of association of the company, a British Virgin Islands court may, on application of a shareholder or director of the company, make an order directing the company or director to comply with, or restraining the company or director from engaging in conduct that contravenes the Companies Act or the memorandum or articles. Furthermore, pursuant to section 184I(1) of the Companies Act a shareholder of a company who considers that the affairs of the company have been, are being or likely to be, conducted in a manner that is, or any acts of the company have been, or are likely to be oppressive, unfairly discriminatory, or unfairly prejudicial to him in that capacity, may apply to a British Virgin Islands court for an order under Section 184I(1) of the Companies Act. If the court considers it just and equitable to do so, it can make an order which, inter alia, can require the company or any other person to pay compensation to the shareholders.

The Companies Act provides for a series of remedies available to shareholders. Where a company incorporated under the Companies Act conducts some activity that breaches the Act or the company's memorandum and articles of association, the court can issue a restraining or compliance order. Under the Companies Act, a shareholder of a company may bring an action against a company for breach of a duty owed by the company to him as a shareholder. A shareholder also may, with the permission of a British Virgin Islands court, bring an action or intervene in a matter in the name of the company, in certain circumstances. Such actions are known as derivative actions. As noted above, a British Virgin Islands court may only grant permission to bring a derivative action where the following circumstances apply:

- the company does not intend to bring, diligently continue or defend or discontinue proceedings; and

it is in the interests of the company that the conduct of the proceedings not be left to the directors or to the determination of the shareholders as a whole.

When considering whether to grant leave, a British Virgin Islands court is also required to have regard to the following matters:

- whether the shareholder is acting in good faith;

whether a derivative action is in the company's best interests, taking into account the directors' views on commercial matters;

whether the action is likely to proceed;

the costs of the proceedings; and

whether an alternative remedy is available.

*Member's Rights Generally*

Any member of a company may apply to court for the appointment of a liquidator for the company and the court may appoint a liquidator for the company if it is of the opinion that it is just and equitable to do so.

The Act provides that any member of a company is entitled to payment of the fair value of his shares upon dissenting from any of the following: (a) a merger (except in certain limited circumstances); (b) a consolidation; (c) any sale, transfer, lease, exchange or other disposition of more than 50 per cent in value of the assets or business of the company if not made in the usual or regular course of the business carried on by the company but not including (i) a disposition pursuant to an order of the court having jurisdiction in the matter, (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the members in accordance with their respective interest within one year after the date of disposition, or (iii) a transfer pursuant to the power of the directors to transfer assets for the protection thereof; (d) a redemption of 10 per cent, or fewer of the issued shares of the company required by the holders of 90 per cent, or more of the shares of the company pursuant to the terms of the Act; and (e) an arrangement, if permitted by the court.

Generally any other claims against a company by its members must be based on the general laws of contract or tort applicable in the British Virgin Islands or their individual rights as members as established by the company's memorandum and articles of association.

#### *Compulsory Acquisition*

Under the Companies Act, subject to any limitations in a company's memorandum or articles, shareholders holding 90% of the votes of the outstanding shares entitled to vote, and shareholders holding 90% of the votes of the outstanding shares of each class of shares entitled to vote, may give a written instruction to the company directing the company to redeem the shares held by the remaining shareholders. Upon receipt of such written instruction, the company shall redeem the shares specified in the written instruction, irrespective of whether or not the shares are by their terms redeemable. The company shall give written notice to each shareholder whose shares are to be redeemed stating the redemption price and the manner in which the redemption is to be effected. A shareholder whose shares are to be so redeemed is entitled to dissent from such redemption, and to be paid the fair value of his shares, as described under "*Member's Rights Generally*" above.

#### *Share Repurchases and Redemptions*

As permitted by the Companies Act and our memorandum and articles of association, shares may be repurchased, redeemed or otherwise acquired by us. Typically, our directors will need to determine that immediately following the redemption or repurchase we will be able to satisfy our debts as they fall due and the value of our assets exceeds our liabilities. Our directors may only exercise this power on our behalf, subject to the Companies Act, our memorandum and articles of association and to any applicable requirements imposed from time to time by the SEC, the Nasdaq Capital Market or any other stock exchange on which our securities are listed.

#### *Dividends*

Subject to the Companies Act and our memorandum and articles of association, our directors may declare dividends at a time and amount they think fit if they are satisfied, on reasonable grounds, that, immediately after distribution of the dividend, the value of our assets will exceed our liabilities and we will be able to pay our debts as they fall due. No dividend shall carry interest against us.