OVERVIEW

We are a seasoned player in China's cognitive impairment digital therapeutics (the "**DTx**") market. We are the first company in China that has developed a medical-grade DTx product for cognitive impairment, combining brain science with advanced artificial intelligence (the "**AI**") technologies, according to Frost & Sullivan. Our product pipeline covers both the assessment and intervention of a broad range of cognitive impairments induced by vascular diseases, neurodegenerative diseases, psychiatric disorders, and child development deficiencies, among others. Our Core Product is the first cognitive impairment DTx product that has obtained regulatory approval in China, according to Frost & Sullivan. As a testimony of our breakthrough achievement, we published the clinical trial results of the Brain Function Information Management Platform Software System (the "**System**") in May 2019 on "Alzheimer's & Dementia" (the "**A&D Journal**"), a leading peer-reviewed journal of clinical studies in cognitive impairment. The article was the first one worldwide to demonstrate the effectiveness of DTx on vascular cognitive impairment no dementia (the "**VCIND**") through evidence-based data from randomized controlled clinical trials, according to Frost & Sullivan. We have also been deeply involved in the publications of the first four expert consensus in the field of DTx in China. In March 2023, we co-authored the "Chinese expert consensus on digital therapeutics for cognitive impairment (2023 edition)" (《認知數字療法中國專家共識(2023)》), which for the first time in China systematically defined cognitive impairment DTx, and has earned us widespread recognition by top hospitals and medical professionals in China, according to Frost & Sullivan. We believe our market position and expertise in DTx research and development have created high entry barriers for potential competitors.

We are a commercial stage company. As of the Latest Practicable Date, the System had been included in the provincial health insurance reimbursement lists of 30 provinces in China. We are also the first organizer of a project initiated by the NHC, according to Frost & Sullivan, under which we are tasked with helping hospitals to establish cognitive centers in over 2,100 public hospitals across China and promoting the development of cognitive impairment DTx market in China. We also collaborate with hospitals to establish cognitive centers outside of the NHC project to help us build long-term business relationship with the participating hospitals. We invest in this strategy by providing the System, the hardware on which the System operates, as well as the funding for renovating the cognitive center premises. As of the Latest Practicable Date, we had helped more than 120 hospitals establish cognitive centers in China, including several leading hospitals with "National Medical Center" (國家醫學中心) certification for various medical specialties by the NHC. We are committed to making achievements in the brain scientific research to DTx products that benefit cognitive impairment patients.

We have established a broad DTx product pipeline. The System had been commercialized for eight indications from four major types of cognitive impairment and is under development for several other cognitive impairment indications as of the Latest Practicable Date. We had three other products with regulatory approvals in China, one other product with regulatory approval in the EU and six product candidates under different stages of preclinical and clinical development or registration process as of the Latest Practicable Date. We enjoy rights with respect to our products and product candidates in jurisdictions where we receive regulatory approvals.

OUR PIPELINE

The following chart summarizes the development status of the System under various indications, as well as other products and product candidates in our pipeline as of the Latest Practicable Date.

Product	Disease Area	Indication	Assessment/ Intervention	Phase	Upcoming Milestone	Estimated and Actual Time of Commercialization	Commercialization Country/Region
				Preclinical / Clinical Trial / Registration / Commercialization			
Brain Function Information Management Platform Software System ★	Vascular disease induced cognitive impairment	Vascular cognitive impairment	Assessment + Intervention	Commercialization		June 2020	China
		Aphasia	Assessment + Intervention	Registration		June 2020	China
		Atrial fibrillation induced cognitive impairment	Assessment + Intervention	Clinical Trial	2025 Q2 Data Analysis Completion	2026	China
		Hypertension induced cognitive impairment	Assessment + Intervention	Clinical Trial	2025 Q2 Data Analysis Completion	2026	China
		Coronary heart disease induced cognitive impairment	Assessment + Intervention	Clinical Trial	2025 Q2 Data Analysis Completion	2026	China
		Post-cardiac surgery rehabilitation	Assessment + Intervention	Preclinical	2025 Q1 Clinical Trial Initiation	2026	China
		Heart failure induced cognitive impairment	Assessment + Intervention	Preclinical	2026 H1 Clinical Trial Initiation	2028	China
	Neurodegenerative disease induced cognitive impairment	Alzheimer's disease	Assessment + Intervention	Registration		June 2020	China
		Amnestic mild cognitive impairment	Assessment + Intervention	Clinical Trial	2025 Data Analysis Completion	2026	China
		Parkinson's disease	Assessment + Intervention	Preclinical	2026 Q2 Clinical Trial Initiation	2027	China
	Psychiatric disorder induced cognitive impairment	Depression	Assessment + Intervention	Registration		June 2020	China
		Schizophrenia	Assessment + Intervention	Registration		June 2020	China
		Sleep disorders	Assessment + Intervention	Registration		June 2020	China
		Anxiety	Assessment + Intervention	Preclinical	2025 Q1 Clinical Trial Initiation	2026	China

Product	Disease Area	Indication	Assessment/ Intervention	Phase				Upcoming Milestone	Estimated and Actual Time of Commercialization	Commercialization Country/Region
				Preclinical	Clinical Trial	Registration	Commercialization			
	Child development deficiency induced cognitive impairment	Attention deficit hyperactive disorder	Assessment + Intervention						June 2020	China
		Autism	Assessment + Intervention						June 2020	China
		Language delay	Assessment + Intervention					2025 Q2 Clinical Trial Initiation	2026	China
		Cerebral palsy	Assessment + Intervention					2025 Q2 Clinical Trial Initiation	2026	China
		Dyslexia	Intervention					2025 Q1 Clinical Trial Initiation	2026	China
	Other disorders	Epilepsy	Assessment + Intervention					2025 Q2 Clinical Trial Initiation	2026	China
		Bone fracture induced pain	Assessment + Intervention					2025 Q4 Clinical Trial Completion	2026	China
		Diabetes	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2026	China
		Phenylketonuria induced cognitive impairment	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China
		Kidney disease induced cognitive impairment	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2026	China
		Multiple sclerosis	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2026	China
		Hepatic encephalopathy	Assessment + Intervention					2025 Q3 Clinical Trial Initiation	2026	China
		Post-breast cancer surgery rehabilitation	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China
		Post-lung cancer surgery rehabilitation	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China
		Drug addiction	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China

Product	Disease Area	Indication	Assessment/ Intervention	Phase				Upcoming Milestone	Estimated and Actual Time of Commercialization	Commercialization Country/Region
				Preclinical	Clinical Trial	Registration	Commercialization			
Basic Cognitive Ability Testing Software		Cognitive impairment	Assessment					2024 Q4 Commencement of Commercialization	2024	China
Cognitive Ability Supplemental Screening and Assessment Software		Cognitive impairment	Assessment					2024 Q4 Commencement of Commercialization	2024	China
Dyslexia Supplemental Screening and Assessment Software	Child development deficiency induced cognitive impairment	Dyslexia	Assessment					2024 Q4 Commencement of Commercialization	2024	China
Covid-19 Induced Cognitive Impairment Assessment and Recovery Training Software	Other disorders	Covid-19 induced cognitive impairment	Assessment + Intervention					2025 H2 Registration Approval	2025	China
Attention Deficit Hyperactivity Disorder Assessment and Treatment Software	Child development deficiency induced cognitive impairment	Attention deficit hyperactivity disorder	Assessment + Intervention					2024 Q4 Clinical Trial Initiation	2025	China
Quantitative Cognitive Assessment Software for Depression	Psychiatric disorders	Depression	Assessment					2024 Q4 Clinical Trial Completion	2025	China
Depression Treatment Software	Psychiatric disorders	Depression	Intervention					2024 Q4 Clinical Trial Initiation	2026	China
Cognitive Impairment Assessment Software		Cognitive impairment	Assessment					2025 Registration Submission	2026	EU
								2025 H2 Registration Submission	2026	US
Cognitive Impairment Treatment Software		Cognitive impairment	Intervention					2026 Commencement of Commercialization	2026	EU
								2025 Registration Submission	2026	US

★ Core Product

Commercialized Product/Indication

Product exempt from clinical trials under current relevant regulations

Regulatory approvals obtained through submission of clinical evaluation materials on the System conducted by third parties

We have built end-to-end capabilities ranging from R&D to commercialization.

- *R&D and Technology*. We have assembled a dedicated and multi-disciplinary R&D team of 122 members with 26 holding a masters degree and two holding PhDs as of the Latest Practicable Date. The team closely tracks the medical data and information from patients generated by the System and our other products and updates the underlying algorithms and AI technology to adjust and customize training tasks based on patients' specific conditions and stage of recovery. Our extensive technological capabilities enable us to flexibly and rapidly expand the indications coverage of our System, as well as to develop other assessment and intervention DTx products, in a cost-effective manner. Our strong R&D capabilities have resulted in a rich intellectual property portfolio. As of the Latest Practicable Date, we held 40 patents and 70 patent applications in China and nine pending patent applications overseas. We have developed two core underlying technologies, namely the virtual human technology and AI technology, which serve as the foundation of our System and other products and product candidates. Our virtual human technology can perform medical assessment and communicate with a large number of patients at once. Our AI technology enables our System and other products and product candidates to analyze patient information and diagnose patients. When applied to our intervention products, our AI-based adaptive collaborative intervention model uses the information collected from patients, including their historical training performance scores and performance details from previous training tasks of varying difficulty levels, to dynamically adjust the content of the training sessions to achieve personalized interventions. The adaptive collaborative intervention model accomplishes this by selecting from millions of possible module combinations, enabled by our library of over 300 training modules, to design the optimal training session to activate the appropriate brain regions for the best therapeutic effect.

- *Commercialization*. We believe our commercialization capabilities are largely attributable to our achievements in evidence-based academic and scientific research in the fields of cognitive impairment, and the performance of our System and other products, which have gained us wide recognition by customers and accelerated the commercialization of our System. The completion of our evidence-based research contributed to high credibility and acceptance of our products among hospitals and physicians, paving the way for nation-wide adoption and commercialization of our products. We have established an experienced sales and marketing team dedicated to academic promotion to further enhance our market position. As a testimony of our strong commercialization capabilities, our revenue has experienced rapid growth from RMB2.3 million in 2021 to RMB11.3 million in 2022, and to RMB67.2 million in 2023.

We believe that our diversified product portfolio, together with our end-to-end capabilities across R&D to commercialization, will create high entry barriers, solidify our industry position and fuel a strong growth trajectory.

OUR COMPETITIVE STRENGTHS

Seasoned player in China's cognitive impairment DTx market with significant market opportunities

We are a seasoned player in China's cognitive impairment DTx market. We are the first company in China that has developed medical-grade DTx product for cognitive impairment, leveraging achievements in brain science and advanced AI technologies, according to Frost & Sullivan. As a testimony of our breakthrough achievement, we published the clinical trial results of our System in May 2019 on A&D Journal, a leading peer-reviewed journal representing a high academic level of clinical studies in cognitive impairment. The article was the first one worldwide to demonstrate the effectiveness of DTx on VCIND through evidence-based data from randomized controlled clinical trials, according to Frost & Sullivan. Our Core Product, the System, is the first cognitive impairment DTx product that has obtained regulatory approval in China, according to Frost & Sullivan. We have built high entry barriers on product development, technologies, academic recognition and commercialization, which enable us to establish our position in China's cognitive impairment DTx market.

We have achieved early success in gaining acceptance for and commercializing our DTx product. In September 2020, we helped establish a cognitive center in Chaoyang Hospital, which was the first cognitive center adopting DTx in China, according to Frost & Sullivan. Since then, we had helped more than 120 hospitals establish cognitive centers in China as of the Latest Practicable Date, including several top hospitals with "National Medical Center" (國家醫學中心) certification for various medical specialties by the NHC, a certification selectively granted to very few top hospitals in each specialty. These hospitals include Xuanwu Hospital (certified in neurology), Anzhen Hospital (certified in cardiology) and Anding Hospital (certified in psychiatrics). The top hospitals adopt and use our System for the medical assessment and intervention of various types of cognitive impairment, which has led to wide recognition and acceptance of our System by hospitals and medical professionals nationwide, paving the way for our potential collaboration with more hospitals and solidifying our market position.

We also drive the development of China's cognitive impairment DTx industry. We have been deeply involved in the publications of the first four expert consensus in the field of cognitive impairment DTx in China. In particular, in March 2023, we co-authored the "Chinese expert consensus on digital therapeutics for cognitive impairment (2023 edition)" (《認知數字療法中國專家共識(2023)》) which for the first time in China systematically defined cognitive impairment DTx, according to Frost & Sullivan. In addition, three expert consensuses and one guideline published from 2021 to 2023 referred to our article published on A&D Journal, in 2019. We have also participated in seven national level research and development projects organized by the Ministry of Science and Technology (中華人民共和國科學技術部) under China's 13th and 14th Five-Year Plan for Economic and Social Development of the PRC (中華人民共和國國民經濟和社會發展第十三個和第十四個五年規劃). The NHC has entered into a cooperation with us to, over the next five years, (i) train approximately 500 to 1,000 cognitive impairment specialists each year; and (ii) help to establish over 2,100 cognitive centers. We are

also the first organizer providing trainings to medical professionals on professional medical treatments using DTx, according to Frost & Sullivan. As of the Latest Practicable Date, we assisted with 29 training sessions to over 3,100 attendees from over 800 hospitals in China.

We enjoy significant market potential in China's cognitive impairment DTx industry. Our System primarily addresses the assessment and intervention of four major types of cognitive impairments: vascular disease induced cognitive impairment, neurodegenerative disease induced cognitive impairment, psychiatric disorder induced cognitive impairment, and child development deficiency induced cognitive impairment. According to Frost & Sullivan, the number of patients suffering from the above types of cognitive impairments has exceeded over 1,736.3 million worldwide as of the end of 2023. Currently there is no effective intervention and preventive therapies for cognitive impairment: the currently prevailing drug therapies are only administered when the cognitive impairment reaches late-stage, and often demonstrate limited efficacy. As such, DTx as an innovative treatment has significant growth potential in a vast and underserved cognitive impairment market.

We are well positioned to seize significant market opportunities with our market position in China's cognitive impairment DTx market as well as our DTx product. Leveraging our technologies on virtual human and AI, as well as our abundant theoretical and clinical research in brain science, we are prepared to rapidly expand the application of the System on new cognitive impairment indications, as well as to further develop and commercialize our other products in a cost-efficient manner.

Comprehensive coverage of cognitive impairment indications with rapid pipeline expansion

We have established a comprehensive DTx product pipeline covering both assessment and intervention of a broad range of cognitive impairment indications. Our Core Product, the System, has been commercialized for eight indications, and is under development for several other cognitive impairment indications, including cognitive impairments induced by atrial fibrillation, hypertension, coronary heart disease, Parkinson's disease, anxiety, language delay, cerebral palsy, dyslexia, epilepsy and diabetes, among others.

The System provides both medical assessment and intervention for an extensive range of cognitive impairments. For cognitive impairment intervention, our System provides a novel and effective therapeutic approach which has been highly recognized by a large number of hospitals and medical professionals. Our System also serves as an assessment and screening tool for cognitive impairments, which enables it to enter more hospitals and cover more target population. The "assessment + intervention" model has significantly broadened our commercialization channels and contributed to our industry position.

Our System targets a variety of cognitive impairment indications, covering the assessment and intervention of four major types of cognitive impairment: vascular disease induced cognitive impairment, neurodegenerative disease induced cognitive impairment, psychiatric disorder induced cognitive impairment, and child development deficiency induced cognitive impairment.

- *Vascular disease induced cognitive impairment.* We have successfully commercialized the System for vascular cognitive impairment and cognitive impairment induced by aphasia. We have initiated three randomized controlled trials in collaboration with Anzhen Hospital on mild cognitive impairment induced by atrial fibrillation, hypertension and coronary heart disease, respectively. We are also under preclinical research on post-cardiac surgery rehabilitation and heart failure induced cognitive impairment. Vascular disease induced cognitive impairment (the "**VDCI**") DTx product enjoys significant market potential, with a prevalence of approximately 77.6 million and 445.1 million in 2023 in China and globally for the major types of VDCI, according to Frost & Sullivan.

- *Neurodegenerative disease induced cognitive impairment.* We have successfully commercialized the System for cognitive impairment induced by Alzheimer's disease. We have also initiated a clinical trial on amnestic mild cognitive impairment. In addition, we are also conducting preclinical research on mild cognitive impairment induced by Parkinson's disease. The System is the first cognitive impairment DTx that targets such cognitive impairments, according to Frost & Sullivan. Neurodegenerative disease induced cognitive impairment (the "**NCI**") DTx product enjoys significant market potential, with a prevalence of NCI of approximately 74.1 million and 156.5 million in 2023 in China and globally for the major types of NCI, according to Frost & Sullivan.

- *Psychiatric disorder induced cognitive impairment*. We have successfully commercialized the System for cognitive impairment induced by depression, schizophrenia and sleep disorders. We are under preclinical research on cognitive impairment induced by anxiety. Psychiatric disorder induced cognitive impairment (the "**PCI**") DTx product enjoys significant market potential, with a prevalence of approximately 50.2 million and 348.6 million in 2023 in China and globally for the major types of PCI, according to Frost & Sullivan.

- *Child development deficiency induced cognitive impairment*. We have successfully commercialized the System for cognitive impairment induced by attention deficient hyperactivity disorder (the "**ADHD**") and autism. We are under preclinical research on cognitive impairment induced by language delay, cerebral palsy and dyslexia. Child development deficiency induced cognitive impairment (the "**CDDCI**") DTx product enjoys significant market potential, with prevalence of CDDCI of approximately 143.4 million and 776.1 million in 2023 in China and globally for the major types of CDDCI, according to Frost & Sullivan.

Besides these four major types of cognitive impairments, we are also conducting research and development of the System for application in cognitive impairment induced by ten other diseases, such as epilepsy, bone fracture induced pain, diabetes and multiple sclerosis, among others.

In addition to the System, we have developed and obtained regulatory approval for other cognitive impairment DTx products, namely our Basic Cognitive Ability Testing Software (the "**BCAT**"), the Cognitive Ability Supplemental Screening and Assessment Software (the "**SAS**") and the Dyslexia Supplemental Screening and Assessment Software (the "**DSS**"), all helping physicians with assessment of various types of cognitive impairments, as well as the Cognitive Impairment Treatment Software for which we obtained the CE mark in the EU in 2022. We are also developing various types of cognitive impairment assessment and intervention software products, such as COVID-19 Induced Cognitive Impairment Assessment and Recovery Training Software, Attention Deficit Hyperactivity Disorder Assessment and Treatment Software (the "**ADHD Software**"), Quantitative Cognitive Assessment Software for Depression and Depression Treatment Software. For the COVID-19 Induced Cognitive Impairment Assessment and Recovery Training Software, we have completed the clinical trial in October 2023 and submitted Class II medical device registration for this product candidate in the second quarter of 2024 and expect to receive registration approval in the second half of 2025.

We are also expanding our pipeline to potentially enter overseas markets. We are developing our Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software in the U.S. in preparation for regulatory filings under Section 510(k).

R&D capabilities and core technologies supported by multidisciplinary team

We have assembled a dedicated R&D team with multidisciplinary experience, including brain sciences, algorithms and AI, among other scientific fields. Our R&D team is led by Dr. Wang, who has been our CEO and chief research officer. Our key R&D staff have on average over six years of relevant experience in the DTx industry.

We have developed two core underlying technologies, namely virtual human and AI technologies, which serve as the foundation of our System and other products and product candidates. Our AI technology enables physicians to perform assessment and intervention in a highly standardized and user-friendly manner, which we believe contributes to its rapid acceptance and adoption in primary hospitals across China. Leveraging our core technologies, we are well-positioned to tackle a variety of pain points in China's cognitive impairment DTx market.

- *Diagnosis accuracy and efficiency*. Our virtual human technology enables physicians to perform medical assessment and communicate with a large number of patients at once. Our AI technology helps medical professionals analyze information collected from patients and diagnose patients with an accuracy rate[1] of over 90%. Furthermore, we conduct assessment after patients finish trainings on our System, which then enables the System to develop new self-adapting training sessions based on assessment results.

  In particular, our virtual human technology can break through certain constraints of traditional clinical assessment standards such as the Mini-Mental State Examination (the "**MMSE**") and the Montreal Cognitive Assessment (the "**MoCA**"), and offer more accurate assessment results. MMSE and MoCA typically require medical professionals to personally conduct one-on-one assessments, which could be influenced by their subjective judgment and lack efficiency as medical professionals need to ask, record and explain assessment questions and responses. Patients may also provide responses that do not accurately reflect their conditions due to subjective factors such as their moods. Our System and other assessment DTx products adopt various AI technologies such as natural language processing and image processing to accurately determine the responsiveness of patients' input and enable medical professionals to assess multiple patients at once, which significantly enhances assessment efficiency.

- *Treatment Efficacy.* Traditional treatment of cognitive impairment primarily relies on drug therapies, which are typically not available until later stages of cognitive impairment. Efficacy of these traditional drug therapies can be limited, and they cannot be applied to certain indications such as neurodegenerative diseases or gradual mild cognitive impairment. The System's adaptive collaborative intervention model selects from millions of possible module combinations, enabled by our library of over 300 training modules, to design the optimal training session to activate the appropriate brain regions for the best therapeutic effect.

  The AI technology also allows the System to analyze patients' response time and accuracy rate when using the System and flexibly adjusts training scenarios and difficulties accordingly by choosing from millions of possible module combinations, making the training session highly customized and self-adaptive for each patient. We also embedded features to make the training sessions more fun and enjoyable for patients, which we believe leads to better patient compliance and loyalty. Based on results from preclinical studies, patients who complete the self-adaptive training

1 The AI model involved in the System is trained based on the historical assessment data of participants. The historical assessment data includes samples of correct and incorrect answers from participants. Based on these samples, corresponding AI models are constructed for the corresponding assessment questions. These models can automatically judge whether the current participant's answer is correct. It has been evaluated and verified on a set of 2,300 users' historical assessments, and the accuracy of the AI model's performance is higher than that of manual evaluation. The model accuracies are all above 90%.

sessions enabled by our AI technologies demonstrate over 60% higher level of brain capability improvement compared to patients who complete non-adaptive training sessions without AI-enabled adjustments or analysis.

The treatment efficacy by our System has been demonstrated by its clinical trial results which were published on the industry leading, peer-reviewed journal A&D Journal, and featured on the cover page of the issue. At the end of the seven-week intervention, the patients who used our System for multi-domain, adaptive cognitive training showed significant improvement in global cognitive function measured by the average MoCA score from 21.87 before the 7-week intervention to 25.22 after, out of a total score of 30 (a score of 25 and above is considered normal), while the patients in the active control group who received non-adaptive trainings did not experience such increase in MoCA score (21.23 before intervention to 21.15 after, out of a total score of 30).

Our extensive technological capabilities also enable us to flexibly and rapidly expand the indication coverage of our System and to develop other DTx products and product candidates in a cost-effective manner. See "—Our Technologies" for more details on our current R&D efforts to further improve our technological capabilities.

Our strong R&D capabilities have resulted in a strong intellectual property portfolio. As of the Latest Practicable Date, we had 178 registered trademarks, 40 granted patents, 78 registered software copyrights and filed 70 patent applications in China, as well as nine pending patent applications overseas.

Strong commercialization capabilities and accelerated commercialization momentum propelled by academic and industry achievements

We believe our strong commercialization capabilities are largely attributable to our achievements in evidence-based research and academic achievements in the fields of cognitive impairment, and the outstanding performance of our System and other products with regulatory approvals, which have gained us wide recognition by customers and significantly accelerated the commercialization of our products. We have established an experienced sales and marketing team dedicated to academic promotion to further enhance our market position.

- *Evidence-based research and academic achievements.* In December 2015, we initiated a randomized controlled trial in cooperation with Xuanwu Hospital (the best hospital in neurology in China) (the "**Xuanwu Trial**"), which generated favorable safety and efficacy data that demonstrated the System's effectiveness in the assessment and intervention of vascular cognitive impairment. The Xuanwu Trial received recommendation of Nature Reviews Disease Primers (the "**NRDP journal**"), an internationally leading academic journal with an SCI Impact Factor of 65.038 in 2023. The results of the Xuanwu Trial were published in May 2019 on A&D Journal, which was the first article worldwide to demonstrate the effectiveness of DTx on VCIND through evidence-based data from randomized controlled clinical

trials, according to Frost & Sullivan. The completion of the Xuanwu Trial also facilitated our commercialization of the System as a large number of top hospitals in China recognized the System as a viable assessment and intervention therapy for cognitive impairment.

- *Industry recognition and acceptance.* Our System has gained wide industry recognition as an effective therapy for the assessment and intervention of various types of cognitive impairment. In March 2023, we co-authored the "Chinese expert consensus on digital therapeutics for cognitive impairment (2023 edition)" (《認知數字療法中國專家共識(2023)》) which for the first time in China systematically defined cognitive impairment DTx, according to Frost & Sullivan. In addition, three expert consensus and one guideline published from 2021 to 2023 referred to our article published on "Alzheimer' & Dementia" in 2019. Our achievements in the cognitive impairment field has also enabled us to be at the forefront of establishment of industry standard and development of the DTx market in China. We have been deeply involved in the publications of the first four expert consensus in the field of DTx in China during 2018 to 2021. In 2022, we jointly participated in setting the technical standards for data security, privacy and system on information technology safety protection together with the Ministry of Industry and Information Technology, the NHC, and other government agencies. We are also the first organizer of a project initiated by the NHC, according to Frost & Sullivan, under which we are tasked with helping to establish cognitive centers in over 2,100 public hospitals across China and promoting the development of cognitive impairment DTx market in China.

We have a track record of successful commercialization. Since the first cognitive center we helped establish in Chaoyang Hospital in September 2020, we had helped more than 120 hospitals establish cognitive centers in China, and had served over 447,000 patients cumulatively as of the Latest Practicable Date. In addition to hospitals, we also offer the System integral software solutions out of hospitals to individual patients. Largely attributable to the outstanding performance of our System, many patients who have completed treatments utilizing our System in hospitals choose to continue to use our System at home.

As a result of the above, our revenue experienced significant growth during the Track Record Period. Our revenue increased significantly from RMB2.3 million in 2021 to RMB11.3 million in 2022, and to RMB67.2 million in 2023.

Visionary management team with rich experience in brain sciences, AI technologies, and business development

Our visionary management team with rich experience in brain sciences, AI technology and business development has been the bedrock of our success to date. With an average of over ten years of industry experience, our management team has a track record of successfully developing and launching new products to seize market opportunities and adapt to a rapidly evolving industry. They have been committed to the innovation, sustainability and long-term development of our business.

Our Chief Executive Officer, Dr. Wang, has more than 20 years of academic and professional experience in brain and cognitive sciences. He is widely recognized as a leading scientist in China's cognitive impairment DTx industry. Dr. Wang has authored or co-authored over 40 academic articles on cognitive impairment assessment and intervention research. He has also led and hosted tens of scientific research projects, and participated in the invention of 18 issued patents, over 40 patent applications, and over 40 software copyrights. Our Chief Technology Officer, Mr. Longjun Cai, has approximately 15 years of academic and professional experience and extensive know-hows in product development, data, and algorithms, and has contributed significantly to our AI capabilities. Mr. Cai participated in the invention of over 40 patents in China, and has published numerous academic articles on leading journals and during industry conferences.

OUR STRATEGIES

Continue indication expansion of the System and development of other product candidates to further solidify our position in China's cognitive impairment DTx market

We plan to accelerate the development, registration, and commercialization processes to expand our System to more cognitive impairment indications by developing upgraded versions of the System or developing new products. We believe this will enable us to provide customized and effective medical solutions to more cognitive impairment patients. In particular, we plan to focus on the following categories of indications:

- *Vascular disease induced cognitive impairment*: we have launched three clinical trials to evaluate the System's safety and efficacy on mild cognitive impairment induced by several types of vascular diseases, such as atrial fibrillation, hypertension and coronary heart disease. We have completed data collection and cleaning for these trials in October 2024. We expect to complete data analysis by the second quarter of 2025. We are also under preclinical research for post-cardiac surgery rehabilitation and heart failure-induced cognitive impairment indications and aim to initiate clinical trials in 2025 and 2026, respectively.

- *Neurodegenerative disease induced cognitive impairment*: we have completed a clinical trial to evaluate the System's safety and efficacy on amnestic mild cognitive impairment and expect to complete data collection by the fourth quarter of 2024 and data analysis in 2025. We are also under preclinical research for Parkinson's disease indication and aim to initiate clinical trial in 2026.

- *Psychiatric disorder induced cognitive impairment*: we plan to upgrade the System's application on cognitive impairment induced by depression (which has been commercialized) to develop a more comprehensive solution for such indication. We are also under preclinical research for anxiety indication and aim to initiate clinical trial in 2025.

- *Child development deficiency induced cognitive impairment*: We are under preclinical research for cognitive impairment induced by language delay, cerebral palsy and dyslexia and aim to initiate clinical trials in 2025.

- *Other disease.* In addition to the four fields of cognitive impairments above, we also plan to conduct more research and development of the System for application in cognitive impairment induced by other diseases, such as bone fracture induced pains, diabetes and other metabolic diseases, and aim to initiate clinical trials in the next three years.

Besides the System, we also plan to conduct further preclinical and clinical research and development on our other products and product candidates to provide more specialized assessment and intervention of various types of cognitive impairment and psychiatric disorders (such as depression). For example, we are conducting a clinical trial to evaluate the safety and efficacy of Quantitative Cognitive Assessment Software for Depression on the assessment of cognitive impairment induced by depression in cooperation with Anding Hospital. We expect trial completion by the fourth quarter of 2024. We also plan to develop DTx products that focus on cognitive impairments as well as neurological and psychiatric symptoms (such as signs of depression, anxiety and Symptoms of post-traumatic stress disorder ("**PTSD**")) arising out of orthopedics and endocrine related injuries and/or diseases. In addition, we also intend to develop DTx products to help manage the rehabilitation plan design and daily execution for bone fracture and other orthopedic patients.

Accelerate commercialization of the System and other products and enhance market penetration

We intend to build on our existing commercialization success and capabilities to accelerate and initiate commercialization of the System and other products with various business customers. We plan to focus our commercialization efforts on hospitals, rather than specific departments of these hospitals, as we believe business relationships at the hospital level will allow us to cooperate with various departments within these hospitals. In particular, our strategic focus is to cooperate with nationally leading hospitals and help establish cognitive centers, which we believe will showcase the advantages and value of our products. Cooperation with top hospitals will also help us accumulate product research and development experience and broaden our industry influence and recognition, which we believe will further expand our cooperation and commercialization with lower-tier hospitals across China. Over the next five years, we intend to cooperate with the NHC to (i) train approximately 500 to 1,000 cognitive impairment specialists each year; and (ii) help to establish over 2,100 cognitive centers.

We plan to enhance our customer service and customer experience. In addition to our products, we also provide hospitals with technical support and staff trainings. We believe this will help hospitals to better understand and become inclined to adopt our products. It will also provide better user experience and convenience for patients.

We intend to recruit more talents with academic and professional experiences in the field of cognitive impairment DTx to expand our commercialization team and enhance the team's academic and marketing capabilities. Leveraging our extensive clinical research experience, academic achievements in publishing research papers on top academic journals and our recognition among industry experts, we intend to further solidify our long-term relationships with leading hospitals and physicians as well as regulatory authorities by sponsoring more academic conferences, and actively participating in the establishment of industry standards. We believe such relationships will further enhance market penetration of our DTx product.

Further improve our research and development capabilities

We believe DTx will bring a transformation in the prevention, assessment, diagnosis, treatment, and recovery of cognitive impairment related diseases. To further broaden the application and indication coverage of our DTx product, we will continue to upgrade and optimize our existing technologies and cooperate with top research and medical institutions to continuously improve our research and development capabilities. We believe the enhanced research and development capabilities will enable us to develop products with higher efficiency and lower costs.

Specifically, we intend to further refine our virtual human and AI technologies to improve the effectiveness and efficiency of our System as well as our other products and product candidates in facilitating physicians assess patients' conditions. We also intend to refine the algorithms that underlie our products to make them more adaptive to each patients' conditions and recovery stages.

We will further expand our multidisciplinary R&D team by recruiting more talents with background in brain science and algorithms. We plan to establish brain science and DTx research centers in collaboration with academic institutions and hospitals. We believe our strengthened relationships with these academic institutions and hospitals will provide us a sustainable supply of talent and intelligence, which will further support our continuous product research and clinical development to broaden the indication coverage of our System and the development of our other product candidates. We plan to co-author or become deeply involved in the release of future expert consensus on the use of medical-grade DTx as an effective therapy for the assessment and intervention of cognitive impairment. We believe the medical professionals in China give high regards to such expert consensus, and our involvement could lead to higher recognition by these professionals and our industry position.

Expand our international footprint and build global influence

We aspire to become a world leader and respected trailblazer in brain science application, providing meaningful and effective therapies for cognitive impairment patients. To that end, we intend to target our market expansion in the U.S., Europe, Southeast Asia, Middle East and One-Belt-One-Road nations. We believe establishing a global presence can effectively reduce the risk of dependence on one single market, and can lead to favorable economic return. We also plan to expand overseas by developing our Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software in the EU and the U.S. We obtained the CE mark in the EU for our Cognitive Impairment Treatment Software in 2022. We are also developing our Cognitive Impairment Treatment Software and Cognitive Impairment Assessment Software in the U.S. in preparation for regulatory filings under Section 510(k).

Specifically, our overseas expansions in terms of further clinical development and product commercialization includes two stages: in the first phase, we plan to conduct pilot programs in Hong Kong and overseas cities with large Chinese populations, where our existing algorithms and models are most compatible with the local Chinese population. From the end of 2025, we intend to use the CE mark of the System to promote our System to the research community in Hong Kong, and to seek collaboration with medical universities and medical research institutions in Hong Kong to conduct research related to the System and further strengthen the academic recognition of the System in a jurisdiction outside the NMPA. We then plan to establish similar research collaborations in overseas cities with large ethnic Chinese populations, such as Singapore and appropriate cities in Canada. In the second phase, we may collaborate with overseas medical or research institutions to jointly develop our DTx products specifically tailored for non-Chinese populations. We anticipate to start the second phase in the second half of 2027.

Strategically seek merger and acquisition opportunities

We intend to grow our business by strategically selecting targets for mergers and acquisitions. We may consider acquiring hardware companies to supplement our hardware capabilities, enhance the functionality, comprehensiveness and effectiveness of our products and product candidates. We believe our established network with and direct access to key opinion leader(s), person(s) (the "**KOL(s)**"), hospitals and physicians gives us the best knowledge of strategic opportunities which could complement or improve our existing product offerings. As of the Latest Practicable Date, we had not identified any specific acquisition targets.

OUR PRODUCT PIPELINE

We are a seasoned player in China's cognitive impairment DTx market. We are the first company in China that has developed medical-grade DTx product for cognitive impairment, combining brain science with advanced AI technologies, according to Frost & Sullivan. Our product pipeline covers both the assessment and intervention of a broad range of cognitive impairment indications, primarily including VDCI, NCI, PCI and CDDCI. Our Core Product, the System, is the first cognitive impairment DTx product that has obtained regulatory approval in China, according to Frost & Sullivan. We have established a broad DTx product pipeline, including the System (which has been commercialized for eight indications from four major types of cognitive impairment and is under development for several other cognitive impairment indications), four other products with regulatory approvals, and six product candidates under different stages of preclinical and clinical development or registration process as of the Latest Practicable Date.

OUR PIPELINE

The following chart summarizes the development status of the System under various indications, as well as other products and product candidates in our pipeline as of the Latest Practicable Date.

Product	Disease Area	Indication	Assessment/ Intervention	Phase	Upcoming Milestone	Estimated and Actual Time of Commercialization	Commercialization Country/Region
				Preclinical / Clinical Trial / Registration / Commercialization			
Brain Function Information Management Platform Software System ★	Vascular disease induced cognitive impairment	Vascular cognitive impairment	Assessment + Intervention			June 2020	China
		Aphasia	Assessment + Intervention			June 2020	China
		Atrial fibrillation induced cognitive impairment	Assessment + Intervention		2025 Q2 Data Analysis Completion	2026	China
		Hypertension induced cognitive impairment	Assessment + Intervention		2025 Q2 Data Analysis Completion	2026	China
		Coronary heart disease induced cognitive impairment	Assessment + Intervention		2025 Q2 Data Analysis Completion	2026	China
		Post-cardiac surgery rehabilitation	Assessment + Intervention		2025 Q1 Clinical Trial Initiation	2026	China
		Heart failure induced cognitive impairment	Assessment + Intervention		2026 H1 Clinical Trial Initiation	2028	China
	Neurodegenerative disease induced cognitive impairment	Alzheimer's disease	Assessment + Intervention			June 2020	China
		Amnestic mild cognitive impairment	Assessment + Intervention		2025 Data Analysis Completion	2026	China
		Parkinson's disease	Assessment + Intervention		2026 Q2 Clinical Trial Initiation	2027	China
	Psychiatric disorder induced cognitive impairment	Depression	Assessment + Intervention			June 2020	China
		Schizophrenia	Assessment + Intervention			June 2020	China
		Sleep disorders	Assessment + Intervention			June 2020	China
		Anxiety	Assessment + Intervention		2025 Q1 Clinical Trial Initiation	2026	China

Product	Disease Area	Indication	Assessment/ Intervention	Phase				Upcoming Milestone	Estimated and Actual Time of Commercialization	Commercialization Country/Region
				Preclinical	Clinical Trial	Registration	Commercialization			
	Child development deficiency induced cognitive impairment	Attention deficit hyperactive disorder	Assessment + Intervention						June 2020	China
		Autism	Assessment + Intervention						June 2020	China
		Language delay	Assessment + Intervention					2025 Q2 Clinical Trial Initiation	2026	China
		Cerebral palsy	Assessment + Intervention					2025 Q2 Clinical Trial Initiation	2026	China
		Dyslexia	Intervention					2025 Q1 Clinical Trial Initiation	2026	China
	Other disorders	Epilepsy	Assessment + Intervention					2025 Q2 Clinical Trial Initiation	2026	China
		Bone fracture induced pain	Assessment + Intervention					2025 Q4 Clinical Trial Completion	2026	China
		Diabetes	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2026	China
		Phenylketonuria induced cognitive impairment	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China
		Kidney disease induced cognitive impairment	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2026	China
		Multiple sclerosis	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2026	China
		Hepatic encephalopathy	Assessment + Intervention					2025 Q3 Clinical Trial Initiation	2026	China
		Post-breast cancer surgery rehabilitation	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China
		Post-lung cancer surgery rehabilitation	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China
		Drug addiction	Assessment + Intervention					2025 Q1 Clinical Trial Initiation	2027	China

Product	Disease Area	Indication	Assessment/ Intervention	Phase				Upcoming Milestone	Estimated and Actual Time of Commercialization	Commercialization Country/Region
				Preclinical	Clinical Trial	Registration	Commercialization			
Basic Cognitive Ability Testing Software		Cognitive impairment	Assessment					2024 Q4 Commencement of Commercialization	2024	China
Cognitive Ability Supplemental Screening and Assessment Software		Cognitive impairment	Assessment					2024 Q4 Commencement of Commercialization	2024	China
Dyslexia Supplemental Screening and Assessment Software	Child development deficiency induced cognitive impairment	Dyslexia	Assessment					2024 Q4 Commencement of Commercialization	2024	China
Covid-19 Induced Cognitive Impairment Assessment and Recovery Training Software	Other disorders	Covid-19 induced cognitive impairment	Assessment + Intervention					2025 H2 Registration Approval	2025	China
Attention Deficit Hyperactivity Disorder Assessment and Treatment Software	Child development deficiency induced cognitive impairment	Attention deficit hyperactivity disorder	Assessment + Intervention					2024 Q4 Clinical Trial Initiation	2025	China
Quantitative Cognitive Assessment Software for Depression	Psychiatric disorders	Depression	Assessment					2024 Q4 Clinical Trial Completion	2025	China
Depression Treatment Software	Psychiatric disorders	Depression	Intervention					2024 Q4 Clinical Trial Initiation	2026	China
Cognitive Impairment Assessment Software		Cognitive impairment	Assessment					2025 Registration Submission	2026	EU
								2025 H2 Registration Submission	2026	US
Cognitive Impairment Treatment Software		Cognitive impairment	Intervention					2026 Commencement of Commercialization	2026	EU
								2025 Registration Submission	2026	US

★ Core Product

Commercialized Product/Indication

Product exempt from clinical trials under current relevant regulations

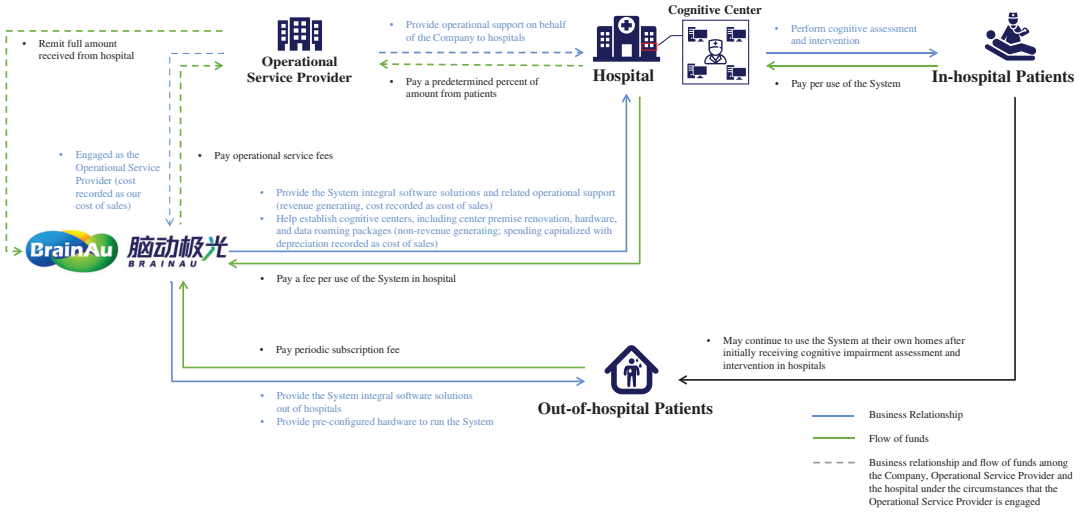
Regulatory approvals obtained through submission of clinical evaluation materials on the System conducted by third parties

The target indications of the System and our other pipeline products are classified based on standards such as the International Classification of Diseases (the "**ICD**"), the Diagnostic and Statistical Manual of Mental Disorders Fifth Edition (the "**DSM-5**") and expert consensus and clinical guidelines in China. The ICD is a standard developed and published by the World Health Organization and used worldwide in medical research to ensure consistent disease statistics and diagnostic standards. The ICD contains a wealth of disease-related classification and coding information, providing physicians with accurate definitions and classifications for various diseases. The DSM-5, published by the American Psychiatric Association, provides detailed descriptions, classifications, and diagnostic criteria for mental disorders. It serves as an authoritative reference for the diagnosis and study of mental illness worldwide.

China's expert consensus, clinical guidelines and other similar standards, such as the China Guidelines for the Diagnosis and Treatment of Mental Diseases (中國精神疾病診斷與治療指南), the Guidelines for the Diagnosis and Treatment of Neurological Diseases (神經內科疾病診斷與治療指南) and the China Guidelines for the Diagnosis and Treatment of Dementia and Cognitive Impairment (中國癡呆與認知障礙診治指南), provide guidance for the diagnosis and treatment of mental and neurological diseases based on the latest clinical practice and scientific research.

OUR BUSINESS MODEL

We primarily offer the System to hospitals for cognitive assessment and intervention of their patients and to individual patients for cognitive trainings out of hospitals. The following chart illustrates the business relationships of the above business lines.



We offer the System integral software solutions to hospitals which enables the hospitals to offer assessment and intervention to their cognitive impairment patients. In order to promote and facilitate the usage of our System by the hospitals, we help hospitals establish cognitive centers (which typically consist of a few rooms within the hospitals) by renovating these rooms, purchasing hardware (such as tablets and computers) and data roaming packages for the cognitive centers. Hospitals generally use the System in these cognitive centers to conduct cognitive assessment and intervention for their patients. We generate revenue from hospitals which pay us based on the amount of in-hospital use by patients and the pricing set based on

negotiations between us and the hospitals with reference to the relevant provincial health insurance reimbursement lists. We generated revenue of RMB1.0 million, RMB4.1 million, RMB41.2 million, RMB15.2 million and RMB35.3 million from hospitals under cognitive center collaborations in 2021, 2022, 2023, and the six months ended June 30, 2023 and 2024, respectively resulting in gross profits of RMB0.5 million, RMB0.7 million, RMB20.4 million, RMB7.2 million and RMB16.5 million for the same periods, respectively. Along with our offering of the System, we also provide operational support to ensure the smooth operation of the System in these cognitive centers. We sometimes engage third-party service providers to provide operational support in cognitive centers of these hospitals on our behalf. We have also provided operational services ourselves during the Track Record Period. Operational services are necessary for hospitals to use the System smoothly and come together with the System which we sell to the hospitals. Thus, the operational services should be viewed as an integral part of what is offered to hospitals in exchange for revenue. Our ability to offer operational services ourselves and our cooperation with multiple third-party service providers therefore indicate that we do not have material reliance on a single third-party service provider to provide such operational services and to make sales of the System integral software solutions business. See "—Sales and Marketing—Our Marketing Model—Collaborations with Top Hospitals and Research Institutions" for more details on cognitive center approach and the roles and arrangements with such service providers.

To a lesser extent, we also offer the System integral software solutions directly to individual patients out of hospitals who pay us periodic subscription fees during the period they use the System. Patients obtain the computers and/or tablets from us after we make certain configurations. The patients can then access and conduct cognitive trainings on those hardware at their own homes. The pricing we charge individual patients are not limited by any health insurance reimbursement lists, and are determined based on market conditions.

In addition to selling the System to hospitals and individual patients, we also offer research projects services by providing the System as well as technical and operational support services to help universities, hospitals and research institutions conduct research projects, which we believe leads to wider adoption of our System within the medical community as a viable therapy for cognitive impairment. We also began offering training facilitation service in 2023 where we assist our customer and the organizer of the training sessions in performing the organizational and logistical groundwork, such as (i) co-designing the training curriculum, standards, and attendance certificates; (ii) contacting training session lecturers; (iii) promoting the training sessions among potential attendees; (iv) handling the logistics of setting up the training sessions; (v) providing attendee after-sale services; and (vi) maintaining the website and online portals in relation to the trainings. The customer and organizer is a public institution dedicated to advancing the knowledge and capabilities of physicians and other medical professionals in China. As requested by the customer, we charge service fees from attendees instead of from the customer/organizer of the training sessions. The service fee from each training is based on the type and number of training attendees when they sign up for the training. We record training facilitation service revenue at the completion of each training. We ceased offering training facilitation service in January 2024, and entered into a termination agreement with the customer in April 2024.

Historically, we also sold hardware equipment with our System pre-installed together with user accounts which enable customers to use the System on the hardware equipment. Sale of hardware is no longer our prevailing business model, and is only made upon existing customers' requests.

Our Product's Value Proposition

We have been committed to the development of DTx products for the assessment and intervention of cognitive impairment since our founding and have devoted significant resources to building our R&D capabilities and technological infrastructure. As a result of our investment in R&D, we have independently developed critical components of the System, including adaptive collaborative intervention, large language models, multimodal cognitive and affective computing models, as well as speech correction, intention recognition, and automated assessment technology for virtual human interactions. For additional details on the research and development of our Core Product, see "—Research and Development" and "—Our Technologies."

Leveraging the System, physicians in hospitals can perform medical assessment and communicate with a large number of patients at once. Physicians can also use the System to diagnose patients with an accuracy rate of over 90%. The technology underlying the System also helps break through certain constraints of traditional clinical assessment standards, such as MMSE and MoCA, offering more efficient and accurate assessment. In addition, the System helps hospitals and physicians offer effective cognitive intervention to patients, leveraging its adaptive collaborative intervention model which selects from millions of possible module combinations, enabled by our library of over 300 training modules, to design the optimal training session to activate the appropriate brain regions for the best therapeutic effect.

Hospitals typically learn about our products as a result of our growing reputation through our work with the NHC, information provided by expert consensus on DTx treatment options, collaborations with us on clinical research and product development, our sales initiative to visit and showcase our products, referrals from recognized experts and KOLs and meetings at national or regional industry or academic conference.

CORE PRODUCT: BRAIN FUNCTION INFORMATION MANAGEMENT PLATFORM SOFTWARE SYSTEM

Overview

Our Core Product, the System, is an evidence-based, medical-grade DTx product, and the first cognitive impairment DTx product in China to receive regulatory approval, according to Frost & Sullivan. In September 2018, we obtained the initial Class II medical device registration certificate (the "**2018 Certificate**") from the Hunan Medical Products Administration (the "**Hunan MPA**") for the System. In June 2020, we obtained an amended certificate (the "**2020 Amended Certificate**") from the Hunan MPA to include the screening, assessment, recovery and data analysis of eight specific indications. In May 2023, we renewed

the 2020 Amended Certificate with the Hunan MPA (the "**2023 Renewed Certificate**"), which contains the same indication coverage as the 2020 Amended Certificate. See "—Material Communications with Competent Authorities" for detailed descriptions.

We categorize products by medical device registration certificates, namely each medical device registration certificate represents one product. Based on the 2023 Consultation, the 2018 Certificate, the 2020 Amended Certificate and the 2023 Renewed Certificate are deemed to be the same certificate bearing the same registration number, and the approval of additional indications would not require us to obtain a new certificate. As such, consistent with the relevant provisions in Administrative Measures on the Registration and Record-filing of Medical Devices (《醫療器械註冊與備案管理辦法》), the System, with its eight existing indications added in the 2020 Amended Certificate, as well as the potential new additional indications, is considered "one product" since it has only one certificate. Patients that use the System typically suffer from cognitive impairment, which is what the System addresses. Such cognitive impairments may be induced by many classes of diseases, such as vascular diseases, neurodegenerative diseases, psychiatric disorders and child development deficiencies. In addition, the clinical trials that have been undertaken on the System as described below demonstrate the safety and efficacy of the System in improving patients' cognitive functions (such as speed, attention, perception, long-term memory, working memory, calculation, executive control, reasoning and problem solving, among other parameters), not the inducing diseases themselves. Therefore, despite the variety in the diseases that could induce cognitive impairment, the eight existing indications as well as the potential new indications are considered indication expansion of the System and can be added to the same medical device registration certificate.

Core Product Development Timeline

The following timeline sets forth the milestone events in the development of the System.

Year	Milestone	Company Roles
2016	We filed an invention patent application for an online cognitive assessment method based on a hierarchical assessment concept of cognitive assessment. The patent was granted in April 2018. See "—Intellectual Property" for details.	Patent applicant

Year	Milestone	Company Roles
December 2015 – May 2017	We conducted a multi-center randomized controlled trial in collaboration with Xuanwu Hospital to evaluate the effectiveness of the System in patients with VCIND (Trial Registration: NCT02640716).	Our role: extensive responsibilities similar to that of a sponsor
October 2018	We collaborated with Xuanwu Hospital to publish a paper on the Journal of Medical Forum on the effect of comprehensive cognitive intervention training using the System in patients with vascular cognitive impairment after surgical operation for ischemic stroke.	Sole corporate participant
April 2019	We collaborated with the Suqian City People's Hospital to publish a paper on the Cardiovascular Disease Journal of integrated traditional Chinese and Western Medicine on the effect of computer-assisted training using the System combined with rehabilitation training treatment.	Sole corporate participant
May 2019	We collaborated with the Zhujiang Hospital of the Southern Medical University to publish a paper on the Guangdong Medical Journal on the clinical effect of computer-assisted cognitive training using the System on post-stroke cognitive impairment.	Sole corporate participant
November 2019 – January 2024	We collaborated with Xuanwu Hospital and other clinical trial institutions to evaluate our System in a multi-center study for patients with AMCI (Trial Registration: NCT04063956).	Sole corporate participant

Year	Milestone	Company Roles
April 2020	We submitted an application to amend the scope of the 2018 Certificate to include offline or online clinical diagnosis, treatment, cognitive language psychological screening testing training and brain functional data, as well as other specific indications.	Applicant
September 2021	We conducted the 2021 Consultation with the Hunan MPA on the granting of the 2018 Certificate and the 2020 Amended Certificate	Registration certificate holder
2022	We completed a development project on the virtual human technology that uses natural language processing to interpret users' voice commands and semantic intent.	Project developer
September 2022 – March 2024	We collaborated with the Anzhen Hospital and six other clinical trial institutions to evaluate our System in application to atrial fibrillation induced cognitive impairment (Trial Registration: NCT05374642).	Sole corporate participant
January 2023 – May 2024	We collaborated with the Anzhen Hospital and seven other clinical trial institutions to evaluate our System in application to coronary heart disease induced cognitive impairment in a randomized controlled trial in patients with coronary heart disease induced cognitive impairment (Trial Registration: NCT05735041).	Sole corporate participant

Year	Milestone	Company Roles
March 2023 – April 2024	We conducted a clinical trial focused on hypertension induced cognitive impairment in collaboration with several hospitals led by the Anzhen Hospital (Trial Registration: NCT05704270).	Sole corporate participant
May 2023	We renewed the 2020 Amended Certificate with the Hunan MPA, which is now valid until June 2028.	Applicant
July 2023	We conducted the 2023 Consultation with the Hunan MPA to clarify the clinical evaluation requirements for indications currently under development.	Registration certificate holder

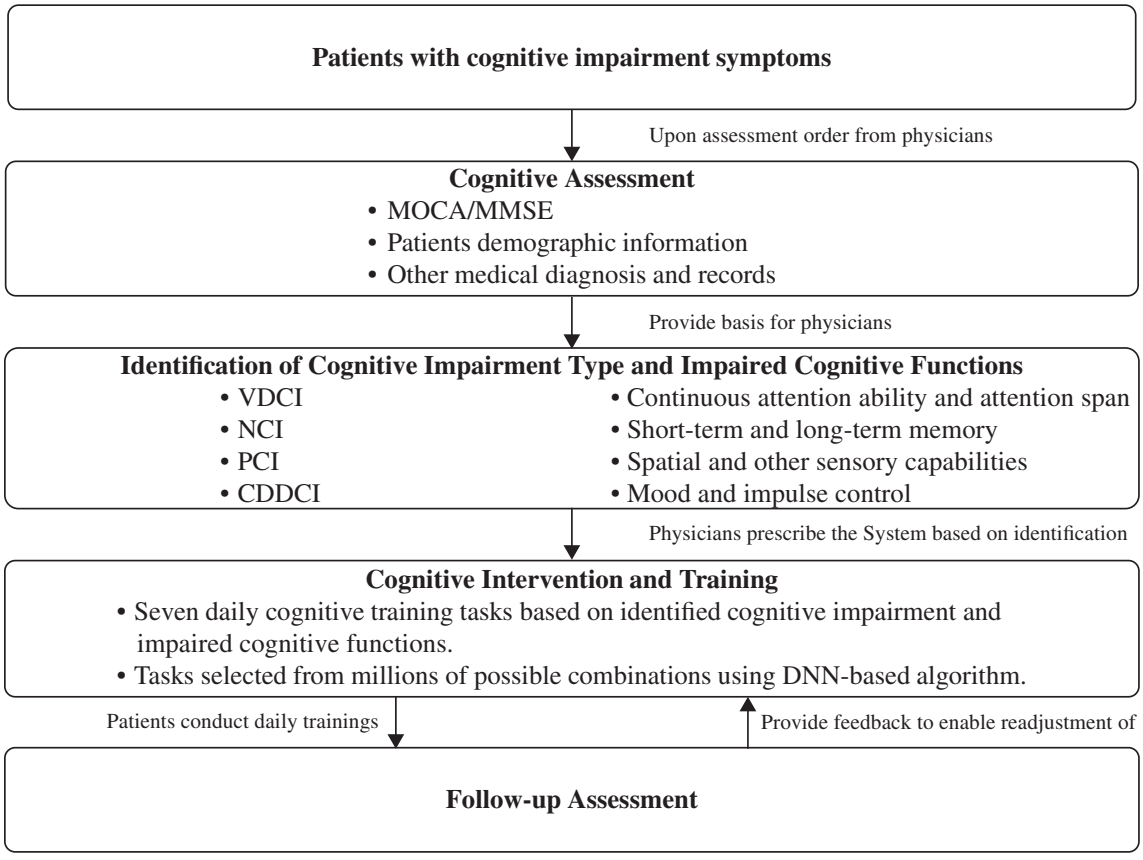
These abovementioned collaborations do not affect the ownership of intellectual properties in relation to the virtual human technology, the AI technology or the algorithms that underlie the System, and we enjoy sole ownership of such intellectual properties. See "—Intellectual Property" for details.

Mechanism of Action

The System is a software that provides clinical assessment and intervention for various types of cognitive impairment induced by vascular diseases, neurodegenerative diseases, psychological disorders and child development deficiencies, among other types of cognitive impairments.

The System provides cognitive impairment patients with cognitive trainings that are designed to stimulate the neural networks involved in attention, memory, executive function and other cognitive abilities in patients' brains at the appropriate frequency and dosage to produce a therapeutic effect. According to the principle of neuroplasticity, continuous and regular brain stimulation can promote the release of neurotransmitters between the patient's synapses, resulting in the growth of nerve fibers and a corresponding increase in the number of synapses. The new neural connections can form a compensatory neural pathway and improve the structure and functional connections of the patient's neural network.

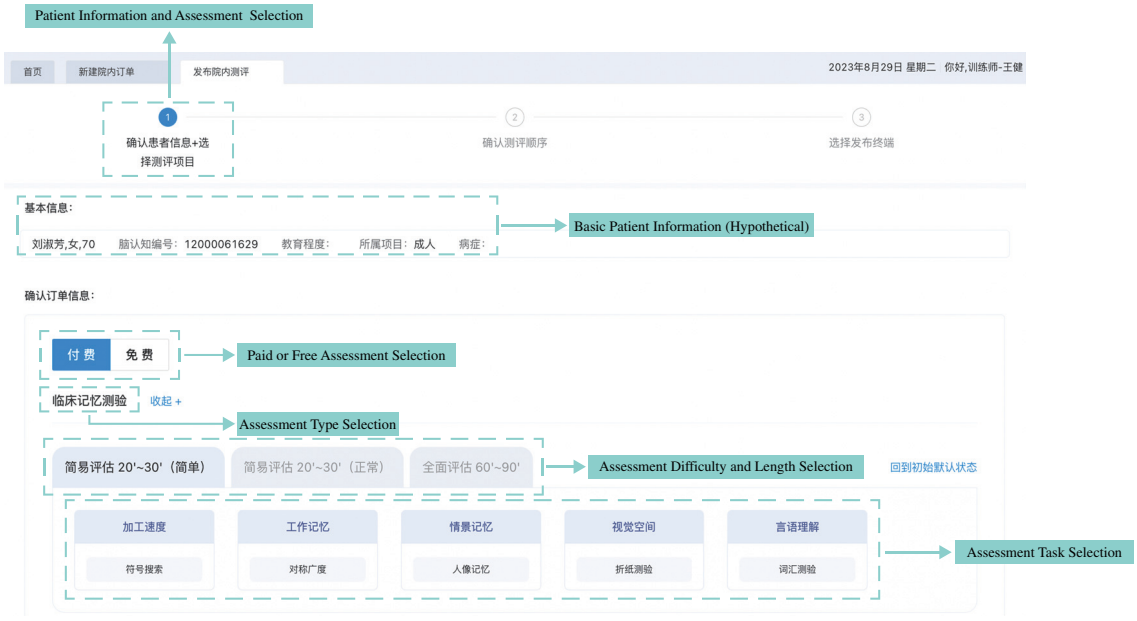
Patients with cognitive impairment symptoms begin their journey with the System with consultations with physicians, who may decide to conduct cognitive assessment using the System. Physicians then identify the types of the patients' cognitive functions that are impaired with the assistance of the System and then direct the System to assign the relevant cognitive training tasks. Patients' training results each day are fed into the DNN model to determine the training tasks for the next day. After a certain period of time of conducting the cognitive trainings, patients undergo follow-up cognitive assessment to evaluate whether the impaired cognitive functions experienced any improvements and provide feedback to enable readjustment of training tasks in order to further improve cognitive training efficacy. The following diagram sets forth a flowchart setting forth the different stages of how the System serves patients.



The System has been commercialized for eight indications from four major types of cognitive impairment and is under development for several other cognitive impairment indications as of the Latest Practicable Date. At the identification stage, physicians are able to determine the patients' specific cognitive impairment indications. This leads to differences in how the training tasks are assigned to provide tailored medical solutions to patients suffering from different indications. Specifically, our DNN-based algorithms use the type of patient cognitive impairment as a critical input in determining what training task combinations are optimal for patient treatment. See "—Cognitive Intervention and Training" for details on the underlying brain science theories and the mechanism of this recommendation process. The risk that the System may be applied to patients of indications other than these eight approved indications is highly remote, because patients can only begin to use the System's cognitive intervention training pursuant to prescriptions by physicians after diagnosis, therefore patients who do not suffer from the approved indication would not be eligible to begin to receive the System's cognitive intervention and training.

Cognitive Assessment and Identification of Cognitive Impairment Type

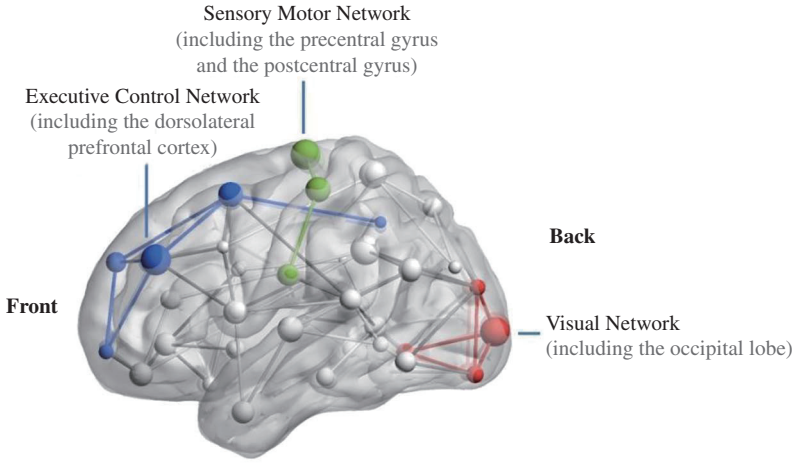
The System performs an initial assessment of patients with the aid of our virtual human technology and digitized versions of psychometric scales such as the MoCA and MMSE. The initial assessment takes into account the patients' MoCA and MMSE scores, with a MoCA score of less than 26 and a MMSE score of less than 27 being considered cognitively impaired according to industry norms. In addition, other dimensions of the patients' cognitive abilities are considered, including perception, memory and language. Because the MoCA and MMSE psychometric scales are generalized screening scales for cognitive impairment and do not assess specific aspects of the patients' cognitive ability, a medical professional at the hospital will assign targeted assessments to further evaluate each dimension of the patients' cognitive ability. For example, if a patient's total score on the MMSE is below 27 and the patient's perceptual score is also below the score of a healthy individual based on the initial assessment, the medical professional will assign a perceptual assessment for further evaluation. The following screenshot shows the interface available to medical professionals for selecting a customized assessment package for patients.



The System then evaluates the patients' response to the assessment package, taking into account their accuracy and response time and generates an assessment report for each patient. In combination with other patient demographics and medical information, physicians can use this report to identify the type of cognitive functions that have been impaired, and use the System to provide tailored cognitive training tasks. The following screenshot shows what this type of report typically includes.

Cognitive Intervention and Training

The System includes a library of more than 300 training tasks, each designed to stimulate specific aspects of the patient's cognitive function. Different training tasks are designed based on different psychological paradigms, which are conceptual frameworks that link the patient's use of specific cognitive functions to the targeted activation of specific neural networks. For example, the number line estimation paradigm, first proposed by Siegler, R. S., & Opfer, J. E. in 2003, associates the maintenance of a mental representation of numerical magnitude with the activation of the brain's executive, sensory motor and visual networks. A training task designed around the number line estimation paradigm can therefore specifically activate these associated neural networks and the corresponding brain regions, including the parietal lobe, occipital lobe, posterior part of the superior temporal gyrus, inferior frontal gyrus and middle frontal gyrus. The following diagram shows a schematic representation of the neural networks activation associated with the number line paradigm.



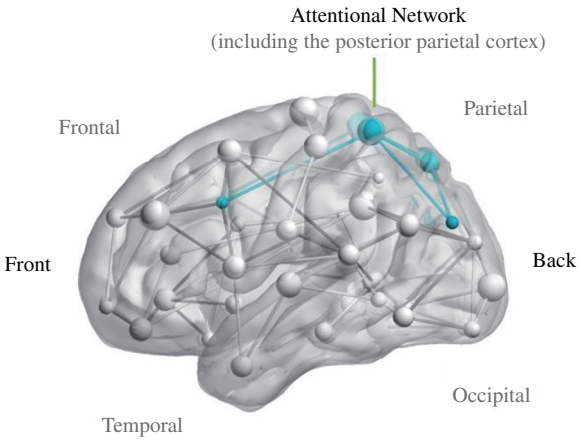
Due to the structural and functional plasticity of the brain, neurons in repeatedly activated brain regions can form new connections, increasing the volume of gray matter in these brain regions and improving the functional connectivity of neural networks within these regions. As a result, the overall efficiency of information transfer within the brain improves, leading to improvements in cognitive function. Based on the patients' assessed cognitive deficiencies, the System adjusts its intervention strategy and assign different types of training tasks to best target the corresponding neural networks.

The following screenshot demonstrates the functioning of the River Crossing Training Task, which was designed based on the number line estimation paradigm, from the patients' perspective.

River Crossing Training Task

The above training task asks the patient to help the in-game character to cut trees at the right height to cross the river. For a patient who has been identified by the System as having cognitive deficiencies related to their executive, sensory motor or visual networks, the targeted stimulation provided by this task could improve cognitive function.

Another example of a psychological paradigm that we use to target specific neural networks is the visual search paradigm, which associates the cognitive task of finding a target stimulus among a variety of other stimuli with the activation of the brain's attentional network. A training task designed around the visual search paradigm can therefore specifically activate the attentional network and the corresponding brain regions, including the posterior parietal lobe and the frontal oculomotor area of the posterior frontal lobe. The following diagram shows a schematic representation of neural networks activation during the visual search task.



The following screenshot demonstrates the functioning of the Patrolling the Pasture Training Task, which was designed based on the visual search paradigm, from the patients' perspective.

Patrolling the Pasture Training Task

The above training task asks the patient to quickly identify the number of a specific animal species from a group of different animals. For a patient who has been identified by the System as having cognitive deficiencies related to their attentional networks, stimulation provided by this task could improve cognitive function.

While these training tasks are capable of improving a patient's cognitive abilities on their own, the System enhances treatment efficacy by tailoring them to the individual patient through its DNN-based recommendation algorithm. According to the 2022 Chinese Expert Consensus on Cognitive Digital Therapeutics (《認知數字療法中國專家共識 (2022)》), the effect of cognitive training is influenced by individual differences. These differences are primarily reflected in the degree of cognitive impairment in individuals and their sensitivity to the training tasks. These individual differences can produce varying results, even if patients are trained on the same tasks. For example, some patients may need to train ten times to see a significant improvement in a task score, while others may achieve the same improvement with only five training sessions. Therefore, a static recommendation system can only meet the training needs of some patients. In contrast, the DNN-based recommendation algorithm utilized by the System enables personalized adjustments to the training program, ultimately improving training efficacy. As shown in a clinical trial of patients with VCIND at Xuanwu Hospital, the dynamic adjustment of training scenarios is able to produce statistically significant benefits in the cognitive improvement of VCIND patients over a static training scenario, as measured by MoCA scores.

Time to Achieving Clinically Significant Effects

To measure the treatment effects of the System, we have conducted randomized controlled trials, the gold standard in clinical trial design for measuring efficacy, to test the effects of the System. For example, a randomized controlled trial conducted in collaboration with Xuanwu Hospital, the results of which were published in Alzheimer's & Dementia in 2019, found that after seven weeks of continuous training with the System, test subjects saw clinically significant improvements as measured by improvements in their Montreal Cognitive Assessment scores, the industry standard for assessing cognitive impairment. While it was likely that subjects would have experienced clinically significant improvements prior to the seven week end point, the clinical trial demonstrated that the System can achieve its intended effects at least as early as the end of the seventh week of training.

For additional details on this trial, see "—Core Product: Brain Function Information Management Platform Software System—Summary of Clinical Results—Xuanwu Trial."

Technologies Related to the System

The System utilizes two underlying technologies, namely the virtual human and AI technologies to enhance its assessment and intervention capabilities. Our virtual human technology brings value to the assessment process by automating physician-patient interactions through a series of technological capabilities, which enable physicians to perform medical assessment and communicate with a large number of patients at once. Our AI technology enables our development of DNN algorithms, a powerful category of ML algorithms, which helps the System more accurately assess patients' conditions without the influence of subjective judgment by medical professionals.

In addition to assessment function, our DNN algorithms (enabled by AI technology) also enables the System to offer improved intervention efficacy by using patient information (including their historical training performance scores and performance details from previous training tasks of varying difficulty levels) to dynamically adjust the content of the training sessions to achieve personalized interventions. The AI technology allows the System to analyze patients' response time and accuracy rate when using the System and flexibly adjusts training scenarios and difficulties accordingly by choosing from millions of possible training module combinations of a library of approximately 300 training modules that are designed to activate the appropriate brain regions for the best therapeutic effect, making the training session highly customized and self-adaptive for each patient. Such highly self-adaptive and personalized intervention trainings target specific brain functions, improve the corresponding brain areas and restore network connections between neurons, generate new nerve fibers, regulate trophic factors and consolidate neuronal remodeling. This results in the construction of specific synaptic connectivity patterns for specific cognitive functions, thereby improving patients' overall cognitive abilities.

See "—Our Technologies" for more details on the virtual human and AI technologies.

Competitive Advantages

Supported by our core technologies of virtual human and AI, our System features two primary competitive advantages, namely assessment efficiency and treatment efficacy.

- *Assessment Efficiency.* Our virtual human technology can perform medical assessment and communicate with a large number of patients at once. Our artificial intelligence technology enables physicians to perform assessment and intervention in a streamlined and user-friendly manner.

- *Treatment Efficacy.* By dynamically identifying and recommending the most suitable training out of millions of different possible combinations, our DNN algorithms enable the System to offer self-adaptive and personalized trainings that lead to more favorable enhancement of cognitive functions for patients who use the System together with drug therapies compared to patients under drug therapies alone, as measured by patients' response time, accuracy rate, improvement in training performance scores and length of user stay. For example, pursuant to our clinical study in relations to the ADHD indication,

patients who undergo software-based cognitive trainings as well as drug therapies (the intervention group) demonstrate more favorable recovery data compared to patients who undergo drug therapies alone (the control group). Specifically, under the ADHD Rating Scale, patients in the intervention group demonstrates more favorable (i) overall reduction ratio (which measures improvement in symptoms of attention deficiency and hyperactivity) of 31.12% ($p < 0.05$) compared to 19.04% ($p < 0.05$) for the control group; (ii) response time under the Flanker test (a test that evaluates patients' capabilities in visual attention focus) of 1,106.3 ms compared to 1,336.2 ms ($p < 0.05$) for the control group; and (iii) performance score in paper folding test (a test that measures the patients' visual and special sensory capabilities and evaluates the patients' perception of shape, size, and distance) of 12.76 compared to 10.67 for the control group ($p < 0.05$).

These advantages have been demonstrated by our success in gaining acceptance for and commercializing our DTx products. In September 2020, we helped establish a cognitive center in the Chaoyang Hospital, which was the first cognitive center in China that adopted DTx, according to Frost & Sullivan. Since then, we had helped more than 120 hospitals establish cognitive centers in China as of the Latest Practicable Date, including several leading hospitals with "National Medical Center" (國家醫學中心) certification for various medical specialties by the NHC, a designation reserved for only top departments of select few hospitals in China, such as Xuanwu Hospital (certified in neurology), Anzhen Hospital (certified in cardiology) and Anding Hospital (certified in psychiatrics). The System's competitive advantage is also demonstrated by wide-spread industry recognition. In particular, we have participated in the establishment of a series of expert consensus, which set the industry standard for the DTx market in China.

System Efficacy

The System's efficacy has been evaluated in several clinical trials, including the Xuanwu Trial, the Aphasia Trial and the Schizophrenia Trial, and the positive outcomes of these trials highlight the potential of the System as a valuable intervention tool in improving cognitive function.

In the Xuanwu Trial, the System demonstrated favorable safety and efficacy data in the assessment and intervention of vascular cognitive impairment. The cognitive intervention group showed significant improvement in global cognitive function as measured by the Montreal Cognitive Assessment (MoCA) compared to the control group.

The Aphasia Trial, which as an investigator initiated trial conducted by the Jiangsu Provincial People's Hospital, evaluated the efficacy of the System in the treatment of aphasia. The trial showed that the intervention group had significantly improved language function and practical communication skills compared to the control group. Western Aphasia Battery (WAB) scores indicated that the intervention group demonstrated larger improvements in the Aphasia Quotient, fluency, content, auditory comprehension, repetition, naming, and Communicative Abilities in Daily Living Test (CADL) compared to the control group. This suggests that the System may be an effective tool in promoting recovery from aphasia.

Similarly, in the investigator initiated Schizophrenia Trial conducted by Ningbo Kangning Hospital, the System demonstrated a significant improvement in the overall cognitive function of schizophrenic patients. The Wechsler Memory Scale (WMS) was used to measure cognitive capacity before and after six weeks of treatment. The results showed that the WMS scores of the intervention group were significantly higher compared to the control group. This indicates that the System can effectively enhance cognitive function in schizophrenic patients.

Market Opportunities and Competitive Landscape

The market size of the cognitive impairment DTx in China reached RMB268.6 million in 2023 and is expected to increase to RMB1,046.7 million in 2025 and RMB8,927.4 million in 2030, representing CAGRs of 97.4% and 53.5%, respectively. The market for cognitive impairment DTx is expected to grow due increasing demand for cognitive impairment treatment, advances in innovative technologies, supportive regulatory measures and growing awareness of cognitive impairment DTx as a therapeutic option.

In China, as of the Latest Practicable Date, approximately 100 cognitive impairment DTx products by approximately 50 players, including our Company, had been approved by the NMPA or its local counterparts, and at least 20 cognitive impairment DTx products by approximately 20 players are currently in the process of clinical trials and obtaining relevant medical device registration certificates, as of the Latest Practicable Date, according to Frost & Sullivan. We are the first company in China that has developed a medical-grade DTx product for cognitive impairment.

Key players in the global cognitive impairment DTx market (outside China) include companies that offer cognitive training interactive games, cognitive behavioral therapies, health monitoring systems and other types of cognitive impairment DTx products. As of the Latest Practicable Date, there were approximately 19 FDA-approved products by approximately 13 key global players covering cognitive impairment induced by various indications.

Our System targets a variety of cognitive impairment indications, covering the assessment and intervention of four major types of cognitive impairment: VDCI, NCI, PCI and CDDCI.

VDCI DTx Competitive Landscape

Key players in the global VDCI DTx market (outside China) include at least one player with two FDA-approved VDCI DTx products. In China, a total of approximately 28 VDCI DTx products by approximately 22 players, including our Company, had been approved by the NMPA or its local counterparts, and at least five VDCI DTx products by five players were in the process of clinical trials and obtaining relevant medical device registration certificates, as of the Latest Practicable Date, according to Frost & Sullivan. For more information, see "Industry Overview—VDCI DTx Market—Competitive Landscape of VDCI DTx."

NCI DTx Competitive Landscape

Key players in the global NCI DTx market (outside China) include three players that offers at least four FDA-approved NCI DTx products. In China, a total of approximately 36 NCI DTx products by approximately 20 players, including our Company, had been approved by the NMPA or its local counterparts, and at least ten more NCI DTx products by at least ten players were in the process of clinical trials and obtaining relevant medical device registration certificates, as of the Latest Practicable Date, according to Frost & Sullivan. For more information, see "Industry Overview—NCI DTx Market—Competitive Landscape of the NCI DTx Market."

PCI DTx Competitive Landscape

Key players in the global PCI DTx market (outside China) include at least 11 players that offer at least 15 FDA-approved PCI DTx products. In China, a total of approximately 32 PCI DTx products by approximately 31 players, including our Company, have been approved by the NMPA or its local counterparts, and at least five additional PCI DTx products by at least five players are currently in the process of clinical trials and obtaining relevant medical device registration certificates, as of the Latest Practicable Date, according to Frost & Sullivan. For more information, see "Industry Overview—PCI DTx Market—Competitive Landscape of PCI DTx Market."

CDDCI DTx Competitive Landscape

Key players in the global CDDCI DTx market (outside China) include at least two players that offer at least two FDA-approved CDDCI DTx products. In China, a total of approximately 25 CDDCI DTx products by at least 22 players, including our Company, have been approved by the NMPA or its local counterparts, and at least ten CDDCI DTx products by at least ten players are currently in the process of clinical trials and obtaining relevant medical device registration certificates, as of the Latest Practicable Date according to Frost & Sullivan. For more information, see "Industry Overview—CDDCI DTx Market—Competitive Landscape of CDDCI DTx Market."

Competitive Advantage Over Industry Competitors

We differentiate ourselves from our competitors by integrating our virtual human and AI technologies into our DTx products. Our virtual human technology automates patient interactions and other processes by integrating speech recognition, correction, intent recognition and automated assessment and analysis capabilities. We are one of the few companies in the cognitive impairment DTx industry in China that incorporate this type of automated patient interaction system in their product line, according to Frost & Sullivan. Benefiting from the large amount of usage of our products by patients, the AI algorithms underlying our products undergo rapid iterations, which leads to improved assessment accuracy and more favorable intervention efficacy. In particular, our DNN algorithms, used to power our adaptive collaborative intervention model, allows our DTx products to better handle complex

and high-dimensional data, enabling us to monitor patient progress and gain deeper insights into our patients' needs. According to Frost & Sullivan, AI solutions enhanced with DNN algorithms have the advantage of overcoming the problems of slow training and error susceptibility by adopting a new type of data learning method that is more efficient and better able to capture correlations and implicit operating patterns between data. We are one of the few companies in the cognitive impairment DTx industry in China that enhances our AI capabilities with DNN algorithms. Due in part to these advantages, our DNN algorithms show intervention efficacy of over 60% improvement over non-AI based interventions.

We also enjoy competitive advantage over our competitors in terms of hospital collaborations. According to Frost & Sullivan, sale to hospitals has become and is expected to remain the dominant sales channel for cognitive impairment DTx companies in China, and deep collaborations with hospitals beyond simply selling and delivering products are often required to establish and maintain business relationship with hospitals and remain competitive in China's cognitive impairment DTx industry. As of the Latest Practicable Date, we have helped over 80 hospitals establish cognitive centers, and we are the first organizer of a project initiated by the NHC under which we are tasked with helping to establish cognitive centers in over 2,100 public hospitals across China and promoting the development of cognitive impairment DTx market in China over the next five years. Our extensive existing and planned collaboration with hospitals through our cognitive center collaborations results in a large use volume of our products, which allows us to make continuous iterative improvements and increase the assessment accuracy and interventional efficacy of our products. In addition, our collaborations with hospitals through our cognitive centers allow us to gather valuable feedback from physicians and hospital administrators to further improve our products and meet the needs of our collaborating hospitals.

We are also distinguished from our peers in our ability to navigate the evolving landscape of cognitive impairment DTx medical device regulations. We are the first cognitive impairment DTx medical device company in China to receive NMPA approval and have the broadest indication coverage for approved and in-development products among all cognitive impairment DTx companies in China, according to Frost & Sullivan.

Summary of Clinical Results

Several clinical trials were conducted to evaluate the safety and efficacy of the System with respect to several cognitive impairment indications. Results of key clinical trials of the System is presented below.

Xuanwu Trial

Overview

We conducted a multi-center, randomized controlled investigator initiated trial on the effectiveness of the System in patients with VCIND in collaboration with the Xuanwu Hospital from December 2015 to May 2017 (the "**Xuanwu Trial**") (Trial Registration: NCT02640716), and obtained ethics approval in October 2015. The Xuanwu Trial successfully demonstrated the safety and efficacy of the System for treating VCIND. In September 2021, we conducted a consultation with the Hunan MPA (the "**2021 Consultation**") on the granting of the 2020 Amended Certificate. According to the 2021 Consultation, the information and data we submitted in relation to the Xuanwu Trial successfully demonstrated the safety and effectiveness of the System and played an essential role in the Hunan MPA's decision to grant the 2020 Amended Certificate.

For the Xuanwu Trial, we undertook extensive responsibilities similar to those of a sponsor because (i) our System was the only trial therapy evaluated for safety and efficacy in the treatment of VCIND and all software and hardware used were supplied by us; (ii) we determined and designed the details of the study plan for the control and study groups; (iii) we prepared informed consent and case report forms; and (iv) we conducted facilitative imaging tests, psychological assessments and patient follow-up throughout the study period.

This trial is the first international cognitive training intervention trial for VCIND, according to Frost & Sullivan. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. The trial included 60 patients with VCIND, with the intervention group receiving cognitive training for seven consecutive weeks, five days a week, 30 minutes a day, while the control group received simple computer operation tasks of fixed level of difficulty at the same time. The results indicate that the intervention group had higher MoCA scores, a commonly used assessment of cognitive ability, than the control group. In addition, connectivity between the cognitive network and the executive control network significantly improved in the intervention group, and the changes between improved neuroconnectivity and increased MoCA scores were highly correlated. The trial demonstrated that the System can significantly improve the overall cognitive function of patients with subcortical VCIND. As of the Latest Practicable Date, the trial is associated with four of our patents or patent applications.

Trial Design

In October 2016, the trial design was published on ClinicalTrials.gov and peer-reviewed by experts in the international cognitive impairment clinical studies community. The trial enrolled a total of 60 patients, 30 of whom were randomly assigned to the intervention group and the other 30 to the active control group. A consensus panel was utilized to select patient's with VCIND. Patients in the intervention group received a computerized, multi-domain, adaptive training program provided by our System for seven weeks. The training domains

included processing speed, attention, perception, long-term memory, working memory, calculation, executive control, reasoning and problem solving. Participants were required to complete 30 minutes of training per day (five two-minute tasks completed thrice), five days a week. Within each task, high accuracy (>80%) was required to progress to the next difficulty level. The active control group performed five processing speed and attention tasks similar in nature to those in the intervention group, but without the adaptive difficulty change provided by our system. The active control group also completed 30 minutes of training per day.

The training of all participants was completed at home and remotely supervised by an independent neurologist to ensure patient compliance. Neuropsychological assessment and functional and structural MRI were performed before and after seven weeks of training. The brain MRI was performed using an optimized protocol.

Trial Status

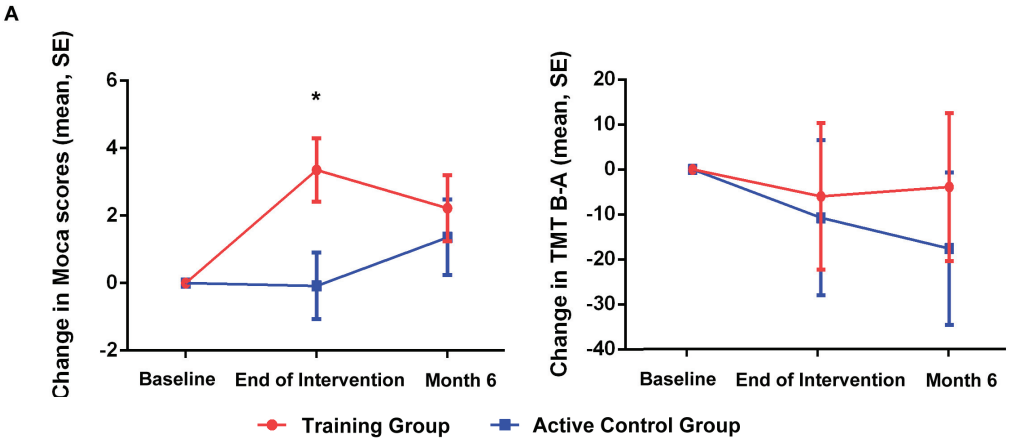
The trial was completed in May 2017. A total of 54 participants with (27 each in the intervention group and the active control group) finished the training. A total of 44 participants (23 in the intervention group and 21 in the active control group) completed the six-month follow-up. Of the ten participants (16.7% of the total participants) who withdrew from the study, four cited health issues, one cited time constraints, three cited dissatisfactions with the trial and two cited personal issues.

Trial Data

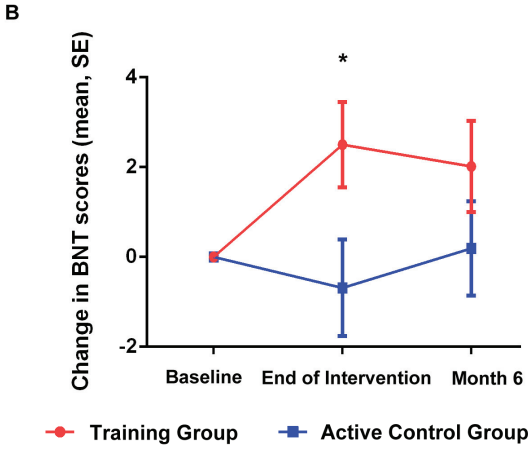
As of the data cut-off date of May 8, 2017, no Treatment-related Adverse Events (the "**TRAE**s") had been reported.

The primary outcome measures were global cognitive function as measured by the MoCA, and executive function as measured by the Trail Making Test B-A (the "**TMT B-A**"); both were centrally assessed. There was a significant group x time interaction in MoCA at the end of the intervention period. At the end of the seven-week training, the System has achieved its intended effects, as demonstrated by the following data: MoCA had significantly improved in the cognitive intervention group from an average score of 21.87 points to 25.22 points (out of a total possible score of 30) relative to the active control group which saw little change from an average score of 21.23 to 21.15, with an effect size of 0.637 (95% CI 0.115 –1.153) compared to the control group. This difference did not persist at the six-month follow-up. MoCA is an overall cognitive impairment assessment scale that summarizes patients' performance in terms of several cognitive functions that are closely related to the daily lives of patients, including visuospatial and executive functioning, naming, immediate recall, attention, language, abstract thinking, delayed recall and orientation. MoCA score represents the accuracy of patients' responses to the assessment scale. As such, the abovementioned improvement in MoCA score demonstrates patients' improved accuracy in responding to the MoCA assessment scale, which in turn demonstrates patients' improvement in one or more of the abovementioned cognitive functions. No significant group x time interaction was found for TMT B-A. Compared to the active control condition, the cognitive training intervention led to

a significant improvement in global cognitive function, as measured by the MoCA, but not in executive function, as measured by the TMT B-A, by the end of the seven-week intervention. The following charts set forth the changes from the baseline to the end of the seven-week intervention and from the baseline to the end of the six-month follow-up for the primary outcomes.

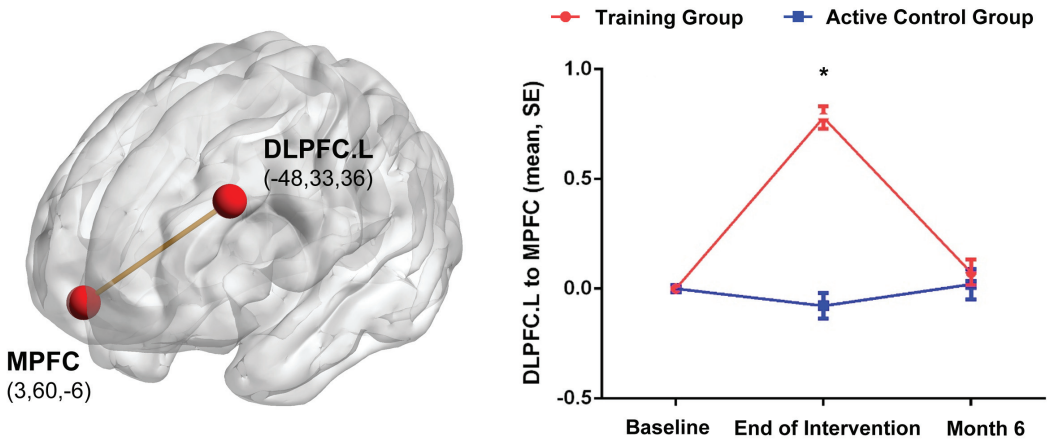


Secondary outcome measures were the effects of the intervention on other cognitive domains. Results showed that cognitive training significantly improved language function as measured by the Boston Naming Test (the "**BNT**"). A significant improvement in the BNT was observed at the end of the seven-week intervention (effect size = 0.560, P = 0.028), indicating that the training improves verbal function in addition to overall cognitive function.



The cognitive intervention group showed significant increases in functional connectivity (the statistical relationship between specific physiological signals in time) between the left dorsolateral prefrontal cortex (the "**DLPFC.L**") and the medial prefrontal cortex (the "**MPFC**") by the end of the intervention. Specifically, the intervention group showed a significant improvement in functional connectivity between DLPFC.L and MPFC (P = 0.049).

Since the MPFC is the main brain region activated during the resting state and the DLPFC is the main area activated during problem solving, higher functional connectivity between MPFC and DLPFC indicates an improvement in cognitive capacity.



In May 2019, we published the data of this trial on a leading peer-reviewed journal on cognitive impairment clinical research, A&D Journal, titled "*The effects of 7-week cognitive training in patients with vascular disease induced cognitive impairment, no dementia (the Cog-VACCINE study): A randomized controlled trial*," and it has been prominently featured on the cover page of the issue. The paper sets forth a comprehensive analysis on the safety and effectiveness of the System. The A&D Journal is the official journal of the International Alzheimer's Association in cognitive impairment worldwide with an SCI Impact Factor of 21.566 in 2020. The trial also received the attention and recommendation of Nature Reviews Disease Primers (the "**NRDP Journal**"), an internationally leading academic journal with an SCI Impact Factor of 65.038 in 2023. The above publications demonstrate the innovativeness and originality of the System in the field of cognitive impairment intervention treatment.

We generally request patients using the System to retake the MoCA scale every three months during their respective treatment courses to obtain a quantitative measure of their cognitive function improvement.

Trial Design Limitations

The trial design had the following limitations. The intervention in the trial was of short duration with limited number of participants, and results from the six-month follow-up suggest that a longer intervention may be needed to assess long-term outcomes. In addition, the trial design may not fully eliminate the potential impact of regular disease progression of patients with VCIND, which is characterized with cognitive decline with age, and may therefore partially erode the efficacy achieved through the System. The trial design excluded patients with comorbid AD, which could introduce uncertainty into the trial results. The trial design used two primary outcome measures, the MoCA and the TMT B-A. A single primary outcome measure could potentially increase data accuracy.

Aphasia Trial

Overview

An investigator initiated trial to further study the efficacy of the System for aphasia (the "**Aphasia Trial**") was conducted by the Jiangsu Provincial People's Hospital, and we obtained ethics approval in April 2016. Aphasia is an acquired language disorder due to brain damage, including damage due to stroke. While there are several therapies that target speech-language pathology, recent theoretical developments and empirical evidence have suggested adding nonverbal cognitive training as part of speech-language recovery. In November 2018, the design and results of the Aphasia Trial was published on "Frontiers in Psychology." One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals.

Trial Design

A total of 40 aphasia inpatient and discharged patients were enrolled, 22 of whom were diagnosed with cerebral infarction and 18 cases cerebral hemorrhage. Within the inpatient group and within the discharge group, participants were randomly assigned to the intervention or the control subgroup, resulting in ten participants in each subgroup. The length of trial was 14 days for inpatient subgroups and 30 days for discharged subgroups. The inpatient control group was provided with routine treatment twice a day, while the inpatient intervention group received the computerized speech-language and cognitive training through the System. The discharged control group engaged in family topics communication for 30 min a session, twice a day for 30 days, and the discharged intervention group engaged in family topics communication for 30 min a day, with additional cognitive training through the System, delivered via telerehabilitation, for 30 minutes a day for 30 consecutive days.

Trial Data

Compared with the control group, the intervention group had significantly more improved language function as assessed by the Western Aphasia Battery (the "**WAB**") and practical communication skills as assessed by the Communicative Abilities in Daily Living Test (the "**CADL**"). The CADL requires administrator to ask the patient 22 questions to assess a variety of communication skills. Across the 22 items, there are 34 sub-items, each scored from zero to four points.

The results showed that for the inpatient group, the improvement in inpatient control and inpatient intervention subgroups was 14.1 and 26.5, respectively; and for the discharge group, the improvement in the discharged control group and discharged intervention group was 7.1 and 19.8, respectively. Specifically, for each of the inpatient group and discharged group, patients in the intervention subgroups demonstrated larger improvement than the control subgroups in the Aphasia Quotient (the "**AQ**"), fluency, content, auditory comprehension, repetition, naming, and CADL.

The Aphasia Trial showed that for both hospitalized and discharged patients, combined form of computerized training adopting the System promoted aphasia recovery more effectively than traditional training for the control subgroups without the System.

Trial Design Limitations

The trial had the following design limitations. The trial had a small sample size and was a single-center trial. The trial enrolled both inpatient and outpatient subjects and the two patient groups received differing lengths of cognitive training which could reduce data accuracy.

Schizophrenia Trial

Overview

An investigator initiated trial to further study the efficacy of the System for Schizophrenia (the "**Schizophrenia Trial**") was conducted by the Ningbo Kangning Hospital from January 2020 to June 2020, and we obtained ethics approval in January 2020. The Wechsler Memory Scale (the "**WMS**") was administered before and after six weeks of treatment to measure the patients' cognitive capacity. The results showed that the WMS score of the intervention group was higher compared to those of the control group. The study demonstrated that the System can significantly improve the overall cognitive function of schizophrenic patients. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. The Schizophrenia Trial did not directly lead to any of our patents but was a part of the background knowledge that eventually contributed to three of our Schizophrenia related patents or patent applications.

Trial Design

The trial enrolled a total of 80 patients suffering from schizophrenia, 40 of whom were randomly assigned to the intervention group and 40 to the control groups. The intervention group receiving cognitive training using the System for six consecutive weeks, five days a week, 30 minutes a day. The active control group received computerized cognitive training consisted of moving dot clicking, alphabet screening and flying saucer capturing, while the passive control group received standard cognitive trainings and anti-psychotic medications.

Trial Status

In June 2020, the trial was completed. A total of 67 participants (37 in the intervention group and 30 in the active control group) finished the training. Of the 13 participants (16.25% of the total participants) who withdrew from the study, two cited adverse reactions, eight has failed to complete all trainings, three voluntarily removed themselves from hospitalization without specifying a reason.

Trial Data

As of the data cut-off date of June 2020, two AEs relating to patient's continued use of non-trial related psychiatric medication has been reported, both of which arose from the intake of medications instead of the use of the System.

The 1-100 scale and the 100-1 scale under the WMS scale indicate a patient's long-term memory, while the mnemonic, recognition, and regeneration scales indicated a patient's short-term memory, and the memorization scale indicates a patient's instantaneous memorizing capacity. In this study, in terms of total WMS score or score under each sub-WMS scales (100-1 and 100-1 scales, mnemonic scale, recognition scale, regeneration scale, and memorization scale), the intervention group scored significantly higher than the control group (all $P < 0.050$) after treatment.

Trial Design Limitations

The trial had the following design limitations. The trial had a small sample size and was a single-center trial. The trial was not randomized but assigned subjects to intervention and control groups based on order of enrollment; there was a difference in the dropout rate between the intervention and control groups of 7.5% and 25%, respectively, which may have resulted in an unbalanced distribution between the two groups and introduced confounding factors.

Amnestic Mild Cognitive Impairment

Overview

We are collaborating with the Xuanwu Hospital on clinical trials focused on neurodegenerative diseases. One of the studies we conducted in collaboration with the Xuanwu Hospital was a multi-center, randomized single-blind, positive-controlled, adaptive and multi-domain cognitive training study in patients with amnestic mild cognitive impairment (the "**AMCI trial**") (Trial Registration: NCT04063956), and obtained ethics approval in January 2022. We have completed the trial with 244 subjects in January 2024. Data cleaning and analysis will be performed after completion of all data collection, which is expected by the end of 2024. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. Based on the final results data of this trial, we plan to submit application to expand the scope of our 2023 Renewed Certificate to include amnestic mild cognitive impairment in the second quarter of 2025. As of the Latest Practicable Date, the trial is associated with two of our patents or patent applications.

Trial Design

The AMCI trial is designed to assess the efficacy of tablet-based cognitive training program for improving cognitive abilities in patients with AMCI. A total of 247 eligible participants were randomized into two groups. The intervention group received multi-domain adaptive cognitive training embedded in a tablet. The control group used the same tablet for basic cognitive training. The intervention frequency (40 minutes each time, four times per week) and duration (12 weeks) was the same between the two groups.

Trial Status

The trial was initiated in February 2022 and completed in January 2024. Data analysis is expected to be completed in 2025. A total of 247 participants took part in the trial. Of the 43 participants (17.4% of the total number participants) who withdrew from the study, and none cited adverse reactions.

Trial Design Limitations

Trial design limitations will be assessed after data cleaning and analysis is completed.

Atrial Fibrillation Induced Cognitive Impairment Trial

Overview

We have conducted a clinical trial focused on atrial fibrillation induced cognitive impairment (no dementia) (Trial Registration: NCT05374642) in collaboration with several hospitals led by the Anzhen Hospital and obtained ethics approval in April 2022. The trial is a multi-center, double-blind, parallel-designed, randomized controlled trial in patients with atrial fibrillation induced cognitive impairment (no dementia). One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. Based on the final results data of this trial, we plan to submit application to expand the scope of our 2023 Renewed Certificate to include atrial fibrillation induced cognitive impairment in the second quarter of 2025. As of the Latest Practicable Date, the trial is associated with two of our patents or patent applications.

Trial Design

The trial enrolled a total of 200 patients who were randomly assigned to either the intervention group or the active control group. All patients enrolled were diagnosed with atrial fibrillation induced cognitive impairment. Patients in the intervention group received a computerized training program based on the System, which involves training sessions on attention, memory, executive function, thinking, processing speed, sensory perception. The control group received training tasks with a fixed level of difficulty. The BCAT was performed before, during and after the training period to measure the patients' cognitive capacity.

Trial Status

The trial was initiated in September 2022 and completed in March 2024. Data analysis is expected to be completed by the second quarter of 2025. A total of 200 participants took part in the trial. Of the nine participants (4.5% of the total number participants) who withdrew from the study, none cited adverse reactions.

Trial Design Limitations

Trial design limitations will be assessed after data analysis is completed.

Hypertension Induced Cognitive Impairment Trial

Overview

We have conducted a clinical trial focused on hypertension induced cognitive impairment (Trial Registration: NCT05704270) in collaboration with several hospitals led by the Anzhen Hospital, and obtained ethics approval in October 2022. The trial is a multi-center, double-blind, parallel-designed, randomized controlled trial in patients with hypertension induced cognitive impairment. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. Based on the final results data of this trial, we plan to submit application to expand the scope of our 2023 Renewed Certificate to include hypertension induced cognitive impairment in the second quarter of 2025. As of the Latest Practicable Date, the trial is associated with two of our patents or patent applications.

The trial enrolled a total of 225 patients who were randomly assigned into either the intervention group or the active control group. All patients enrolled were diagnosed with hypertension induced cognitive impairment. Patients in the intervention group received a computerized training program based on the System, which involves training sessions on attention, memory, executive function, thinking, processing speed, sensory perception. In contrast, the active control group received training tasks with a fixed level of difficulty. The BCAT was performed before, during and after the training period to measure changes in the patients' cognitive capacity.

Trial Status

The trial was initiated in March 2023 and completed in April 2024. Data analysis is expected to be completed by the second quarter of 2025. A total of 225 participants took part in the trial. Of the 15 participants (6.7% of the total number participants) who withdrew from the study, none cited adverse reactions.

Trial Design Limitations

Trial design limitations will be assessed after data cleaning and analysis has been completed.

Coronary Heart Disease Induced Cognitive Impairment Trial

Overview

We have conducted a clinical trial focused on coronary heart disease induced cognitive impairment (Trial Registration: NCT05735041) in collaboration with several hospitals led by the Anzhen Hospital, and obtained ethics approval in October 2022. The trial is a multi-center, double-blind, parallel-designed, randomized controlled trial of DTx in patients with coronary heart disease induced cognitive impairment in Anzhen Hospital. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. Based on the final results data of this trial, we plan to submit application to expand the scope of our 2023 Renewed Certificate to include coronary heart disease induced cognitive impairment in the second quarter of 2025. As of the Latest Practicable Date, the trial is associated with two of our patents or patent applications.

Trial Design

The trial enrolled a total of 224 patients that were randomly assigned to the intervention group or the active control group. All patients enrolled were diagnosed with coronary heart disease induced cognitive impairment. Patients in the intervention group received a computerized training program based on the System with adaptively varying difficulties. In contrast, the active control group received training sessions with a fixed level of difficulty. The BCAT was performed before, during and after the training period to measure the patients' cognitive capacity.

Trial Status

The trial was initiated in January 2023 and completed in May 2024. Data analysis is expected to be completed by the second quarter of 2025. A total of 224 participants took part in the trial. Of the 19 participants (8.5% of the total number participants) who withdrew from the study, none cited adverse reactions.

Trial Design Limitations

Trial design limitations will be assessed after data cleaning and analysis has been completed.

Future Development Plans for Our System

In addition to the eight commercialized indications, the System is also at various stages of preclinical and clinical development for many additional indications. In particular, we are conducting the following clinical trials in connection with the System in the assessment and intervention of cognitive impairment induced by bone fracture induced pain, and plan to initiate additional clinical trials in order to expand the indication scope of the 2023 Renewed Certificate to include new indications.

Bone Fracture Induced Pain

We are conducting a clinical trial to evaluate the application of the System as an enhanced recovery after surgery ("**ERAS**") protocol for postoperative rehabilitation in patients with bone fractures in collaboration with Beijing Jishuitan Hospital (Trial Registration Pending), and obtained ethics approval in December 2023. This trial is a single-center, prospective, and randomized controlled trial. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. As of the Latest Practicable Date, the trial is associated with seven of our patents or patent applications. The trial will enroll a total of 960 subjects with a single limb fracture combined with postoperative cognitive impairment. Subjects will be divided into two groups: the DTx ERAS group and the traditional ERAS group. Subjects in the DTx ERAS group will receive 12 weeks of continuous DTx therapy via the System, and the subjects in the traditional ERAS group will receive the standard ERAS treatment used in the department of orthopedics at Beijing Jisuitang Hospital. The primary outcome measures of the trial is to assess the improvement in the daily living activity index and overall cognitive function of the DTx and traditional ERAS groups after 12 weeks of intervention. We initiated this trial in the first half of 2024 and expect to complete the trial in the fourth quarter of 2025.

Anxiety

For anxiety, we are currently in the pre-clinical stage with the goal of starting clinical trials in the first quarter of 2025 and achieving commercialization in 2026.

Dyslexia

For dyslexia, we are currently in the pre-clinical stage with the goal of starting clinical trials in the first quarter of 2025 and achieving commercialization by 2025.

Material Communications with Competent Authorities

In September 2018, we obtained the 2018 Certificate for the System from the Hunan MPA, which allows the use of the System in assisting physicians in the comprehensive management of medical information for patients with brain dysfunction caused by various brain injuries and diseases, including clinical diagnosis, treatment and brain function evaluation. The scope of the 2018 Certificate was, in relevant part, "assistance of doctors in clinical diagnosis and treatment of patients with brain function impairments caused by various types of brain damages and diseases, assessment of brain function, and comprehensive management of medical information and brain function data." The principal purpose of the System under the 2018 Certificate was to serve as a tool to facilitate doctors' clinical work and research activities, instead of commercialization and monetization. As such, as provided in the relevant laws and regulations, as well as confirmed by the Hunan MPA during the 2021 Consultation, we were not required to submit clinical data to the Hunan MPA for the application and approval of the 2018 Certificate. We were only required to provide materials to demonstrate that the System was capable of offering the functions in the scope of the 2018 Certificate.

In April 2020, we submitted an application to amend the above scope described on the 2018 Certificate to include offline or online clinical diagnosis, treatment, cognitive language psychological screening test training and brain functional data, and to include specific indications such as vascular cognitive impairment, Alzheimer's disease, aphasia, depression, schizophrenia, sleep disorder, ADHD and autism (the "**Amended Scope**"). The Hunan MPA then requested us to submit the supplementary materials in relation to the clinical trial evaluation data related to the indications in the Amended Scope. In response, we submitted the clinical trial evaluation data from the Xuanwu Trial to the Hunan MPA. After reviewing the abovementioned materials, the Hunan MPA granted the 2020 Amended Certificate on June 23, 2020.

In September 2021, we conducted the 2021 Consultation with the Hunan MPA on the granting of the 2018 Certificate and the 2020 Amended Certificate. According to the 2021 Consultation, (i) we were not required to submit clinical data to the Hunan MPA for the application and approval of the 2018 Certificate; (ii) the clinical trial evaluation data from the Xuanwu Trial was a key part of the application (which also included scientific literature by others that address the safety and efficacy of the System on all indicators in the Amended Scope) for the 2020 Amended Certificate required by the Hunan MPA and formed an essential basis for the Hunan MPA's decision to grant the 2020 Amended Certificate which included the Amended Scope. See "Regulatory Overview—Regulation Relating to Medical Devices—Research and Clinical Evaluation of Medical Devices"; and (iii) due to the innovativeness of DTx products, the existing laws and regulations had not yet required the categorization of our DTx product as Class III medical devices, and the System should be classified as a Class II medical device.

In May 2023, we renewed the 2020 Amended Certificate with the Hunan MPA, which is now valid until June 2028.

In July 2023, we conducted a consultation with the Hunan MPA on the relationships of the 2018 Certificate, the 2020 Amended Certificate, and the 2023 Renewed Certificate, and clarified the requirements regarding clinical evaluation for the potential indications of the System that are under development (the "**2023 Consultation**"). According to the 2023 Consultation, Hunan MPA confirmed that (i) the 2018 Certificate, the 2020 Amended Certificate and the 2023 Renewed Certificate are deemed to be the same certificate, bearing the same registration number; (ii) the approval of the new cognitive impairment indications of the System that are currently under various stages of development would not require us to obtain new medical device registration certificate, but those new indications, once approved, will be added to the application scope of the existing 2023 Renewed Certificate; and (iii) for approval of these new indications, we would be required to conduct clinical trials or provide clinical evaluation materials related to these new indications, which would form an essential basis for the Hunan MPA to approve such addition. During the 2023 Consultation, the Hunan MPA noted the relevant requirements under the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and related regulations, which state, among other provisions, that (i) evaluation of medical devices may be carried out through clinical trials or analysis and evaluation of clinical literature materials and clinical data of medical devices of the same kind to prove the safety and effectiveness of medical devices in light of product characteristics, clinical risks, existing clinical data and other circumstances; and (ii) clinical trials shall be carried out for medical devices for which the existing clinical literature materials and clinical data are insufficient to confirm their safety and effectiveness in the clinical evaluation of medical devices. Based on interpretation of the above requirements, the Hunan MPA confirmed that because existing clinical literature and clinical data of medical devices of the same kind as the System completed by third parties are insufficient to confirm the safety and effectiveness of the System for the new indications, we are required to carry out clinical trials on these new indications before submitting applications to amend scope of the 2023 Renewed Certificate to include the new indications. See "Regulatory Overview—Regulation Relating to Medical Devices—Research and Clinical Evaluation of Medical Devices."

The following chart sets forth a summary of the requirement on clinical trials as a result of the above regulatory requirements and confirmation by the Hunan MPA for each of the approved indications and new indications under development.

Number	Indication*	Status	Plans and requirements on clinical trials
1.	Vascular cognitive impairment	Regulatory approval received	Clinical trials required and conducted by us in collaboration with Xuanwu Hospital
2.	Aphasia	Regulatory approval received	Clinical trial not conducted by us. Regulatory approval received through analysis and evaluation of clinical literature materials.
3.	Alzheimer's disease		
4.	Depression		
5.	Schizophrenia		
6.	Sleep disorders		
7.	ADHD		
8.	Autism		
9.	Atrial fibrillation	Regulatory approval not yet applied for	Clinical trial required to be conducted by us because existing clinical literature materials and clinical data are insufficient to confirm their safety and effectiveness in the clinical evaluation of medical devices
10.	Hypertension		
11.	Coronary heart disease		
12.	Post-cardiac surgery rehabilitation		
13.	Heart failure		
14.	AMCI		
15.	Parkinson's disease		
16.	Anxiety		
17.	Language delay		
18.	Cerebral palsy		
19.	Dyslexia		
20.	Epilepsy		
21.	Bone fracture induced pain		
22.	Diabetes		
23.	Phenylketonuria		
24.	Kidney disease		
25.	Multiple sclerosis		
26.	Hepatic encephalopathy		
27.	Post-breast cancer surgery rehabilitation		
28.	Post-lung cancer surgery rehabilitation		
29.	Drug addiction		

Note:

* Unless specifically noted otherwise, indications refer to cognitive impairments induced by the listed diseases or conditions, *not* the diseases or conditions themselves.

As of the Latest Practicable Date, no material adverse changes had occurred with respect to the System since the date of the 2023 Renewed Certificate.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET THE SYSTEM WITH NEW INDICATIONS SUCCESSFULLY.

OTHER PRODUCTS AND PRODUCT CANDIDATES

As of the Latest Practicable Date, four of our products besides the System had obtained regulatory approvals in China or abroad, including, among others, BCAT, SAS and DSS. All three of these products were developed based on the technology framework of the assessment function of the System. We also conducted additional R&D on the BCAT and the SAS to make cognitive impairment assessment by physicians more accurate and efficient.

We categorize products by medical device registration certificates, namely each medical device registration certificate represents one product. We typically apply for separate medical device registration certificates for the following purposes:

- *Commercial purpose:* having separate certificates (and therefore separate products) may help us better position the target users of each product sales and marketing plans with higher precision. Certain hospitals may also prefer having a separate and specific certificate for the product they purchase, even if the functions may also be covered by the certificate for the System, which is more comprehensive in terms of functions and indications. We incorporate in these separate products certain enhancements and upgrades from the System which are specific to the intended usage scenarios by customers. Examples include BCAT, SAS, DSS, Covid-19 Induced Cognitive Impairment Assessment and Recovery Training Software and Quantitative Cognitive Assessment Software for Depression;

- *Regulatory purpose*: we may also apply for separate certificates for certain indications of the System, such as cognitive impairments induced by certain psychiatric diseases and ADHD. This is to prepare for potential future changes in medical device regulations which may require separate registration or reclassification of certain indications which are currently under Class II to Class III under the Medical Device Catalog due to the higher risks involved for these indications. Examples include the ADHD Software; and

- *Technical purpose*: We may develop and commercialize products that address indications beyond cognitive impairments, such as the Depression Treatment Software, which targets depression itself instead of cognitive impairment induced by depression. This type of products involve different technical parameters and/or mechanism of actions, which may require separate registration certificates.

BCAT

Overview

BCAT is designed to facilitate healthcare professionals' assessment of patients' basic cognitive capacity by enabling patients to self-administer tests of their cognitive capacities relating to processing speed, working memory, episodic memory, visual-spatial ability and verbal comprehension. We obtained a Class II medical device registration certificate from the Hunan MPA for the BCAT in October 2022. After obtaining regulatory approval in 2022, we have been and are undergoing further research and preparing additional scientific literature with regards to BCAT, which we believe would be conducive to improving its market recognition and acceptance by the medical community. We expect to commence commercialization by the second half of 2024. See "Future Plans and Use of [**REDACTED**]" for additional details. The BCAT can improve the efficiency of medical assessment by medical professionals, promote cost-efficient diagnostic paradigms and improve patient's treatment experience.

Mechanism of Action

The BCAT categorizes cognitive function assessment trainings based on the following five dimensions: processing speed, working memory, episodic memory, visual-spatial ability and verbal comprehension. In particular, the BCAT can (i) test a patient's processing speed through digit-symbol and symbol search tasks; (ii) evaluate working memory through operational and symmetry span tasks; (iii) assess episodic memory through word pairing memorization and facial memorization tasks; (iv) measure visual-spatial ability through paper folding tests and cube rotation tasks; (v) and assess verbal comprehension through vocabulary tests.

After assessing patient's performances, the BCAT collects such data and produce a brief and comprehensive evaluation. The evaluation and data are then transmitted via the internet to a server for storage and processing. The stored data on the BCAT can be accessed on the server side to provide reference information for clinical diagnosis and can also be printed as test results for the patients' reference.

Summary of Clinical Evaluation

We completed the evaluation of BCAT from March 2022 to October 2022 through a clinical comparison with the System, which concluded that the BCAT uses similar technical methods and targets similar underlying biology as the System and is comparable to the System in terms of safety and efficacy. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approval.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BCAT SUCCESSFULLY.

SAS

Overview

SAS is designed to facilitate healthcare professionals' assessment of patients' cognitive capacity by enabling patients to self-administer MMSE and MoCA tests. We obtained a Class II medical device registration certificate from the Hunan MPA for the SAS in December 2022 after submitting relevant clinical evaluation materials. After obtaining regulatory approval in 2022, we have been and are undergoing further research and preparing additional scientific literature with regards to SAS, which we believe would be conducive to improving its market recognition and acceptance by the medical community. We expect to commence commercialization by the second half of 2024. See "Future Plans and Use of [**REDACTED**]" for additional details. Similar to the System, to streamline the testing process, the software provides a user-friendly interface for patients to log into the system, manage personal data and keep track on testing progress. Though the SAS is no substitute for human judgement and cannot on its own automatically derive diagnostic conclusions, it can improve the efficiency of medical assessment by medical professionals, promote cost-efficient diagnostic paradigms and improve patient's treatment experience.

Mechanism of Action

The SAS is a cognitive ability assessment tool based on MMSE and MoCA, which are examinations that have been used extensively in clinical and research settings to measure cognitive impairment. Compared to traditional cognitive assessment delivered in paper form, the SAS, though the use of visual, voice, handwritten and action recognition technologies, enable patients to self-administer MMSE and MoCA scales, and automatically grade patients' performances without the need manual intervention before the results are reviewed and confirmed by a healthcare professional. The entire input and output process is digitized and the patient-facing interface has been optimized to simplify the examination process and increase the efficiency of the MMSE and MoCA screening process.

Competitive Advantages

Compared to the MMSE and MoCA tests traditionally administered in paper form, the SAS, through the implementation of speech, handwriting and action recognition technologies, is able to automatically score and evaluate the patient's input and record relevant data for the medical professional's review. This significantly reduce the time and cost of the assessment process, improve the patient's treatment experience and facilitate the patient's self-monitoring of health conditions.

Summary of Clinical Evaluation and Ongoing Clinical Trial

We completed the evaluation of the SAS from July 2022 to September 2022 through a clinical comparison with the System, which concluded that the SAS uses similar technical methods and targets similar underlying biology as the System and is comparable to the System in terms of safety and efficacy. One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approval.

To further test our SAS against traditional paper MMSE and MoCA tests, we collaborated with Xuanwu Hospital to conduct a multi-center, non-interventional, self-paired, post-approval research in patients with cognitive impairment induced by various causes (Trial Registration: ChiCTR2300067886), and completed filing by Hunan MPA in October 2022. As the trial was non-intervention, it had a minimal risk profile. Patients who meet the inclusion criteria from the participating medical institutions was enrolled and participants was randomly assigned to either Group A or Group B. Patients in Group A underwent a cognitive assessment based on the SAS under the guidance of the researchers. Two weeks later, trained professional raters used the paper version of the MoCA and the MMSE to assess the cognitive function of patients in Group A. Patients in Group B underwent a cognitive assessment using paper tests, and two weeks later a cognitive assessment based on the SAS was performed under the guidance of medical professionals. The MoCA and MMSE scores obtained from patients with similar conditions but different assessment methods was then be paired and evaluated to assess the consistency and accuracy of our SAS. We have completed the trial and completed data analysis in 2023 and have published the trial results on the Chinese Medical Journal (《中華醫學雜志》) in February 2024. Analysis of the trial data showed that, after controlling for basic demographic information, there was no statistically significant difference between patients tested with our SAS and patients tested with traditional paper-based MMSE and MoCA tests, demonstrating that our SAS is a viable substitute that could potentially provide efficiencies in the administration of these psychometric tests.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET THE SAS SUCCESSFULLY.

In addition to the BCAT and the SAS, for which we had obtained regulatory approval, we are also under various stages of preclinical and clinical development for the following products and product candidates.

Dyslexia Supplemental Screening and Assessment Software

Overview

Dyslexia Supplemental Screening and Assessment Software (the "**DSS**") is designed to facilitate the assessment of risk of DD in children. We received a Class II medical device registration certificate for DSS in September 2023 from the Hunan MPA. In support of our application for the above Class II medical device registration certificate, we submitted a clinical comparison with the System. We aim to demonstrate that both the System and DSS enable the assessment of cognitive functions. While the System and the DSS are based on different traditional scale designs, we intend to show that both products can provide cognitive function assessment for dyslexia patients and share similar mechanisms of action, thereby demonstrating that DSS would not pose any issues of safety or efficacy. We plan to commence commercialization in the second half of 2024. See "Future Plans and Use of [**REDACTED**]" for additional details.

Mechanism of Action

The DSS is based on a well-validated Chinese children reading assessment task system that has tested more than 240,000 children. The paper-based assessment includes reading ability tests and cognitive ability tests. It can comprehensively and accurately test the reading ability and related cognitive development levels of children of different ages and can accurately distinguish dyslexic children from normal children. The DSS screens children for DD through three tiers of assessment: the Preliminary Risk Assessment, the Dyslexia Risk Assessment and the Core Cognitive Skills Assessment. Typically, a child begins with the Preliminary Risk Assessment and progresses through these assessments in order. Children who are identified as high risk in the Preliminary Risk Assessment then take the Dyslexia Risk Assessment. If a child scores below average on the Dyslexia Risk Assessment, the child will take the Core Cognitive Assessment for a final assessment of dyslexia.

The Preliminary Risk Assessment consists of a total of 30 questions that focus on eight dimensions, including word recognition, Chinese character writing, essay writing, oral expression, verbal memory, motivation and attitude, concentration and mathematics. The Dyslexia Risk Assessment includes five tests that focus on Chinese character recognition, one-minute text reading, text reading aloud, Chinese character dictation, and rapid reading, which measures a child's word processing, reading accuracy, reading fluency and reading comprehension skills. The final Core Cognitive Skills Assessment consists of six tests, including phonological awareness, morpheme generation, rapid digit naming, digit memorization, character shape determination and pinyin pronunciation. If a child's score on any of the above cognitive assessment tests is one standard deviation below the peer average, the software flags the child as being at high risk for dyslexia.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET DSS SUCCESSFULLY.

COVID-19 Induced Cognitive Impairment Assessment and Recovery Training Software

Overview

We collaborated with Xuanwu Hospital on a clinical trial focused on cognitive decline due to COVID-19 infection, commonly referred to as "COVID-19 brain fog." One of the trial's design goals was to facilitate a Class II medical device registration approval and, therefore, the trial has a risk profile consistent with what is required for such approvals. The trial enrolled a total of 60 patients, 30 of whom will be randomly assigned to the intervention group and the other 30 to the blank group. All patients enrolled were diagnosed with Covid-19 induced cognitive impairment. Patients in the intervention group received a computerized training program that last 30 minutes each time, four times a week, for eight weeks, while the patients in the blank group did not receive any cognitive training. Tests was be performed before, during and after the training period to measure the patients' cognitive capacity.

We obtained ethics approval in July 2022, completed the clinical trial in October 2023 and submitted Class II medical device registration in the second quarter of 2024 and expect to receive registration approval in the second half of 2025. Once approved, we plan to promote the commercialization of this product through existing sales channels. As of the Latest Practicable Date, the trial is associated with two of our patents or patent applications.

Mechanism of Action

A high percentage (17%-38%) of individuals experience a decline in cognitive capacity post-COVID, such as memory loss and a decline in one's attention span. Leveraging the synergy between multiple cognitive domains and the principal of neuroplasticity, this product will provide patients with personalized, individualized cognitive training sessions based on a patient's age and past medical history.

Competitive Advantage

The key advantage of this product is its ability to provide personalized rehabilitation solutions tailored to each patient's individual needs based on the use of our algorithms. In particular, the product is able to (i) formulate individualized training solutions in light of each patient's age, injury history and severity and individual characteristics and (ii) update the training task and difficulty level based on each patient's past training statistics. Our AI-based adaptive collaborative intervention model accomplishes this by selecting from millions of possible module combinations, enabled by our library of over 300 training modules, to design the optimal training session to activate the appropriate brain regions for the best therapeutic effect.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET COVID-19 INDUCED COGNITIVE IMPAIRMENT ASSESSMENT AND RECOVERY TRAINING SOFTWARE SUCCESSFULLY.

ADHD Software

We are currently under preclinical development of the ADHD Software. The ADHD Software has two main components: (i) the task-based cognitive assessment system; and (ii) the digitized question-based assessment system. The tasks in the task-based cognitive assessment system will cover cognitive domains including perception, attention, memory, action execution and mood regulation, while the question-based system will supplement the task-based cognitive assessments with our digitized version of traditional ADHD and cognitive dysfunction screening scales, including the Tests based on ADHD Rating Scale – IV (the "**ADHD RS-IV**") and the Achenbach Child Behavior Checklist, a test widely used to detect behavioral and emotional problems in children and adolescents. On the intervention front, the ADHD Software focuses on training working memory, cognitive flexibility, attention, planning and problem solving capabilities. It alleviates ADHD symptoms by (i) stimulating the relevant cerebral regions related to attention, such as frontoparietal brain areas, to modify sustained attention; (ii) inducing activities of orbitofrontal, superior and inferior frontal, and middle temporal cortices; and (iii) reducing activation level of subcortex regions, such as insula and striato-thalamic regions, in order to improve efficiency of working memory.

Competitive Advantages

Given the manifestations of cognitive deficits in ADHD patients are complex and diverse, currently, there is no targeted intervention cognitive training product specifically designed for ADHD patients offering a comprehensive evaluation of cognitive impairment, both domestically and internationally. Our product can provide multidimensional cognitive assessments for ADHD patients to provide evidence-based support for the optimization of a comprehensive treatment strategies for patients with ADHD.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ADHD SOFTWARE SUCCESSFULLY.

Quantitative Cognitive Assessment Software for Depression

Overview

We are conducting a clinical trial for the quantitative cognitive assessment software for depression, which is an electronic cognitive function assessment tool developed based on the latest scientific development on an understanding of human intelligence and cutting-edge clinical research on cognitive dysfunction associated with depression, and obtained ethics approval in February 2024. To assess cognitive dysfunction associated with depression, a total of seven cognitive tests have been included. Among them, the visual search test and the audiovisual attention distribution test seek to assess a patient's level of attention, the Stroop color and word test aims to assess capacity of execution, the spatial memory test will assess memory, while the digit-symbol conversion test looks to assess information processing speed. These tests can be self-administered by patients on a tablet under the guidance of the researcher. We have initiated the clinical trial and expect trial completion by the fourth quarter of 2024.

Mechanism of Action

Cognitive symptoms persist throughout the course of depression. Not only do they interfere with the efficacy and cure rate of antidepressant treatment and increase the risk of depression recurrence, but they also result in the inability of depressed patients to return to normal social functioning, resulting in an enormous social and economic burden. Current clinical research focuses on four areas: executive function, attention, memory and information processing speed.

This product is an electronic cognitive assessment tool developed based on the latest theories of intelligence and the results of clinical studies of cognitive dysfunction in depression, using human-computer interaction to complete the assessment. It is used to assess the cognitive function of depressed patients.

The quiz items in this product have good reliability and validity. It covers the four common aspects of cognitive impairment in patients with depression with seven assessment tasks. The split-half reliability coefficients of the seven subtests range from 0.814 to 0.996 (out of a maximum of 1.000), indicating that the subtests have good internal consistency reliability. In addition, most of the tasks used in this test set are classic paradigms in the field of intelligence measurement, which are representative of the relevant basic cognitive abilities, thus strongly supporting the content validity of this product.

Competitive Advantage

Compared to other cognitive assessment tools currently in widespread use for the MDD population, the tests administered by our software are more comprehensive. Unlike other similar products, our product's reliability and validity study includes a normal control group which, when combined with the results of the classic paradigm measurement, allows for the calculation of cut-off scores. Our product can cover seven dimensions of cognitive decline.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET QUANTITATIVE COGNITIVE ASSESSMENT SOFTWARE FOR DEPRESSION SUCCESSFULLY.

Depression Treatment Software

Overview

We are currently under preclinical development of the depression treatment software, called "Mind Island Aurora," which is a computerized system utilizing a combination of game-playing and Computerized Cognitive Behavioral Therapy (the "**CCBT**") to improve the symptoms related to depression. The software aims at deepening patients' understanding about emotional rationalization and interpersonal skills in an interest-inspiring way, drawing from the idea that "everyone can find inner safety in the midst of chaos." The game-playing component combines a captivating background story with various training tasks, which can be used as a stand-alone psychotherapy for depressed patients or used concurrently with other psychotherapies. We expect to initiate clinical trial in the fourth quarter of 2024.

Mechanism of Action

The product was designed after consultation with a large number of patients diagnosed with depression. The game is set on a gray, barren and dilapidated island to reflect the mental state, behavioral patterns and problems faced by depression patients. The patient works through the tasks to restore the island to its original state. This setting helps allow patients to focus on skills development and reduce their negative thinking.

Second, based on latest developments on CBT, the product integrates multiple psychological strategies such as positive thinking meditation, behavioral activation, cognitive reconstruction and cognitive restructuring tasks to boost its efficacy.

Third, the product uses gamification of the CBT treatment process to elicit patient interest in participation. The CBT-based tasks are then materialized in the game as main quests or side quests. For example, in level 5 of the game, distorted thinking is materialized as a monster with a distorted mind and face that can be defeated by the patient's rhythmic action, which represents the recognition of meaningless thoughts. By providing immersive experiences, the product enhances the patient's motivation to learn, improves attention and problem-solving skills, and increases social engagement.

This system objectively evaluates the patient's progress in the background. At the same time, the assessment data also provides personalized information to patients during their training sessions and enables the product to apply multi-targeted adaptive synergistic interventions that adapt to the patient's individual characteristics.

Competitive Advantage

Compared to traditional CCBT, which is mostly rendered in lecture form with after-class assignments, our game-oriented software is more likely to elicit patient's interest in participation and lead to more prolonged treatment and is thereby more effective.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET DEPRESSION TREATMENT SOFTWARE SUCCESSFULLY.

Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software

In order to expand our international footprint and build global influence, we are developing the following products for the U.S. and the EU: Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software. On July 22, 2022, we obtained the CE mark in the EU for our Cognitive Impairment Treatment Software, which is exempted from clinical trial requirements under EU's Medical Device Regulation and allows for its commercialization in the EU that is expected to commence in 2026. We are also developing our Cognitive Impairment Treatment Software and Cognitive Impairment Assessment Software in the U.S. in preparation for regulatory filings under Section 510(k).

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET COGNITIVE IMPAIRMENT ASSESSMENT SOFTWARE AND COGNITIVE IMPAIRMENT TREATMENT SOFTWARE SUCCESSFULLY.

OUR TECHNOLOGIES

Virtual human and AI technologies are the technology foundation of our System and other products and product candidates. Our virtual human technology enables physicians to perform medical assessment and communicate with a large number of patients at once. Our AI technology enables physicians to perform assessment and intervention in a highly consistent and user-friendly manner, which we believe contributes to its rapid acceptance and adoption in primary hospitals across China.

We are currently focused on providing assessment and intervention DTx products to our customers and do not currently sell, nor do we currently intend to sell, the data models, components and technologies of the System as separate and distinct products or medical devices.

Virtual Human

Virtual human technology automates patient interaction and other processes that were traditionally performed by physicians with patients on a one-on-one basis, which enables physicians to assess a large number of patients at once. Our virtual human technology comprises a series of technological capabilities obtained from third parties or independently developed by us. These capabilities include (i) speech recognition and correction; (ii) intention recognition; and (iii) automated assessment and analysis.

- *Speech Recognition and Correction*: We incorporate speech recognition product which enables the System to receive verbal responses from patients and convert them into meaningful semantics for the System's further processing. Based on readily available speech recognition product, we also independently developed enhancements to improve accuracy and correct the results of speech recognition under certain assessment scenarios. For example, we made corrections on speech recognition results related to certain key words and phrases that frequently appear in memory assessments to reduce the chance of mis-recognition by the System. We do not further develop the speech recognition product itself as part of the System. As advised by our PRC Legal Advisor, (i) the speech recognition product had been properly in-licensed; (ii) the relevant in-licensing agreement allows us to use such product for commercial purpose on the basis of complying with PRC laws, regulations, rules and other government normative documents; and (iii) liability for mis-assessment arising from the in-licensed product shall lie with us;

- *Intention Recognition*: Our intent identification capability enables the System to identify whether the verbal response from the patient was made to answer the question, or to request clarification of the assessment question. The System can then proceed to analyze patient response or provide clarification, as appropriate;

- *Automatic Assessment and Analysis*: Upon receiving input information from users, the System uses AI models to automatically evaluate the accuracy of the answers and generates summary reports of assessment results, which could serve as a critical basis for diagnosis by physicians. See "—Artificial Intelligence" for details on the AI models.

We independently developed the key operative technology components of the virtual human technology, namely speech correction, intention recognition and automated assessment and analysis technologies. As a result of the abovementioned automated processes, our virtual human technology breaks through the constraints of traditional clinical assessment standards such as the MMSE and MoCA. These traditional standards typically require medical professionals to personally conduct one-on-one assessments, which lack efficiency as medical professionals can only ask, record and explain assessment questions and responses one patient at a time.

Artificial Intelligence

Our artificial intelligence ("**AI**") technology enables more accurate cognitive impairment assessment, and provides more self-adaptive cognitive trainings to achieve higher intervention and treatment efficacy. AI technology underlies different types of models comprising algorithm sets independently developed by us, which enable the System to achieve the above features in terms of assessment accuracy and treatment efficacy.

Multimodal Cognitive Computing Model

We are in the process of independently developing the multimodal cognitive computing model, which comprises a set of algorithms that are designed to more accurately assess patient input (including both verbal responses and other physical input such as body gestures). Traditional one-on-one medical assessment under MMSE and MoCA typically requires medical professionals to personally conduct one-on-one assessments, which could be influenced by their subjective judgment. Patients may also provide responses that do not accurately reflect their conditions due to subjective factors such as their moods. The multimodal cognitive computing model includes algorithms on natural language processing and image processing, which enable the System to accurately determine the responsiveness of patients' input without being misled by irrelevant input from patients that could affect the accuracy of the assessment outcome.

Adaptive Collaborative Intervention Model

The System offers trainings to patients that are designed to stimulate the neural networks in relation to patients' cognitive ability on attention, memory, executive function and others at the appropriate frequency and dosage. Continuous and regular brain stimulation can promote the release of neurotransmitters between the patient's synapses, resulting in the growth of nerve fibers and a corresponding increase in the number of synapses. The new neural connections can form a compensatory neural pathway and improve the structure and functional connections of the patient's neural network.

We have independently developed the adaptive collaborative intervention model, which is designed to ensure that the training content stimulates the appropriate neural network based on the patients' individual cognitive impairment conditions. It comprises the deep neural networks ("**DNN**") algorithms, which are trained with a large amount of information on patient demographics, clinical assessment, diagnosis and information collected during patients' participation in training tasks at diverse difficulty levels. The DNN algorithms undergo constant iteration and training to dynamically adjust the content of the training tasks, and can identify the most suitable training out of millions of different possible combinations, building on over 300 training modules that are designed to stimulate and activate the appropriate brain regions and neural network. By dynamically identifying and recommending the most suitable training out of millions of different possible combinations, our DNN algorithms enable the System to offer self-adaptive and personalized trainings that lead to more favorable enhancement of cognitive functions for patients.

We are in the process of improving our collaborative intervention model to be more causal-based, which is expected to further improve the System's ability to predict patient future performance (the effect) based on past responses (the cause), thereby recommending the most suitable training tasks that make the cognitive training more personalized and effective in the stimulation and repair of patients' neural network.

Multimodal Affective Computing Model

We are in the process of independently developing the multimodal affective computing model, which is a set of algorithms that capture and analyze patients' changes in emotions and moods when responding to assessment questions or when conducting cognitive trainings. This is expected to allow the System to generate more self-adaptive and targeted cognitive trainings based on not only the patients' verbal responses, but also subtle changes in emotions and moods which can be difficult to capture and process under conventional methods.

Large Language Model

Our large language model involves algorithms on semantic analysis and response interpretation, which allows the System to not simply receive the voices from patients, but also truly understand what patients mean. We are in the process of developing our large language model which is the result of our adaptation of an open-source large language model to enable the System to more accurately interpret patient responses and to provide useful clarification and assistance to patients during the cognitive assessment.

RESEARCH AND DEVELOPMENT

We focus our R&D efforts on developing innovative cognitive impairment medical technologies and solutions to assess and intervene in patients' cognitive impairment caused by a variety of diseases. We have devoted significant resources to building up our R&D capabilities and technological infrastructure, enabling us to stay abreast of the latest technology trend in the DTx industry, provide clinically advanced new products and enhance the efficacy, ease of use, safety and reliability of our products, as well as expand their applications, as appropriate.

We are also investing in integrating new advances in AI technology to improve our System, such as pursuing the multimodal cognitive computing models that are based on task-based assessment, which requires a technology capability to detect abnormalities within a few hundred milliseconds. As a result of our efforts, we have built AI-based DNN algorithms, which enable the System to become highly self-adaptive. The DNN algorithms can identify the most suitable training out of millions of different possible combinations, building on over 300 training modules that are designed to activate the appropriate brain regions for the best therapeutic effect. We believe this dynamic and self-adaptive training leads to more personalized treatment and more favorable enhancement of cognitive functions for patients than traditional drug therapies, as measured by the MoCA scores and patients' response time, accuracy rate, improvement in training performance scores and length of user stay. See "—Our Technologies" for more details.

These R&D efforts also help us maintain the advantages of the System and facilitate the development of other products and product candidates. For example, these efforts will enable us to expand the use of the System to other indications, thereby increasing the versatility of the System compared to other cognitive DTx products. Our R&D efforts will also aim to build a multimodal cognitive computing model to enable more accurate assessment and diagnosis, a causal-based adaptive collaborative intervention model to stimulate multi-regional synergistic interventions, a multimodal affective computing model and a large language model focused on cognitive skills. See "—Our Technologies" for details. These R&D efforts have the potential to improve the user experience of the System by facilitating more genuine human-machine interactions, more accurate assessment and more personalized intervention, thereby helping us to maintain the advantage of our products, and facilitate further expansion of our product pipelines.

In 2021, 2022, 2023, and the six months ended June 30, 2023 and 2024, our research and development expenses amounted to RMB32.8 million, RMB67.6 million, RMB90.7 million, RMB34.4 million and RMB64.2 million, respectively. During the same periods, we incurred research and development expense for the System of RMB32.8 million, RMB62.9 million, RMB54.6 million, RMB25.0 million and RMB36.2 million, respectively.

Our R&D Team

We have a strong multi-disciplinary in-house R&D team of 122 professionals with 26 holding a masters degree and two holding PhDs as of the Latest Practicable Date. Our R&D team is led by Dr. Wang, who has been our CEO and chief research officer. Our key R&D staff have on average over six years of relevant experience in the DTx industry. Our R&D team frequently participates in academic and industry conferences and engages with industry and clinical experts to bring us up-to-date insights and innovations from a global perspective.

Our R&D team is divided into the following three groups:

- Brain Research Institute: focusing on basic research and theory development. The Brain Research Institute consists of the Scientific Research Project Department, the Pediatrics Research Department, the Aging Research Department, the Regulatory Approval Department, the Clinical Trial Department, the Emotion Research Department and the Basic Research and Cognitive Computing Department. Each department of the Brain Research Institute reports to the CEO;

- Product Innovation Center: focusing on overall planning, design and progress control of DTx products. The Product Innovation Center consists of the Geriatric Product Technology Department, Pediatrics Products Department, Art Design Department and the Task Planning Department. Each department of the Product Innovation Center reports to the CTO who in turn reports to the CEO; and

- Technology Research Center: focusing on product development and testing. The Technology Research Center consists of the Training Task R&D Department, the Platform Technology Team, the Operations, Maintenance and Equipment Management Department, the Android Team, the Testing Team, the Project Team, the Front-end Team, the Data Science Department, the Algorithm Department, the Safety Department, and the Back-end Teams One and Two. Each department of the Technology Research Center reports to the CTO who in turn reports to the CEO.

As of the Latest Practicable Date, none of the above teams has any standalone business relationships with third parties other than through or for and on behalf of our Group.

Externally, we have established long-term relationships with KOLs, including well-known medical professionals and clinical experts in China. Leveraging their insights and recommendations, we are able to focus our R&D process on unmet clinical needs and explore frontier and breakthrough technologies.

Product Design and Preclinical Development

We have established and strictly followed an internal protocol that governs the design and development of our products. Our internal protocol was formulated based on applicable NMPA regulations and ISO 13485.

To start with a product development project, we conduct market research to analyze market prospects and patient's need and formulate a development proposal that describes the target medical need, potential risks and specific product functions. After obtaining approvals from our management on the project, we will then formulate a detailed development plan, which includes the product functionalities and applications, labor and budget planning and begin the development process.

To ensure the quality development of our product, we have established a streamlined R&D system that prioritizes scientific validity, patient compliance and R&D efficiency. Specifically, we focus on the three key phases of our R&D process.

- The first phase is basic research. The Brain Research Institute, an internal group of talents within our R&D team, conducts scientific research and design based on scientific paradigms and literature. The scientific team conducts complete research and discussion to ensure that the design parameters of new products adheres to the latest scientific principles and clinical data.

- The second phase is planning. The Product Innovation Center creates product designs based on the parameters prepared by the Brain Research Institute. To make our products more engaging, the team adds fun elements such as games while adhering to the scientific research framework and paradigm understanding.

- The third phase is development and testing, which is handled by the Technology Research Center. We create an internal beta version based on the designs for testing. Users test the product and provide feedback via questionnaires, and we use the data to determine whether our products are complete, interesting and effective in stimulating the appropriate brain function. Our products are revised according to the feedback data.

Clinical Trials

Our clinical affairs department has significant experience in conducting clinical trials for our products. As of the Latest Practicable Date, we had organized a dedicated regulatory and clinical affairs department consisting of seven members, with extensive experience in medical device industry. Dr. Wang, our CEO, has over 20 years of academic and professional experience in brain and cognitive sciences, as well as extensive experience in handling medical device regulatory affairs.

We also set up a separate regulatory affairs team in charge of regulatory communications. Our regulatory affairs team is mainly responsible for sorting and reviewing registration materials of our products, as well as submitting such materials to the relevant government agencies.

We conduct clinical trials of new indications and products in order to obtain the requisite regulatory approvals and collect access-controlled data that can improve the design and features of our products. The goal of a clinical trial is to measure the clinical safety and efficacy of a device. Primary parameters for clinical trials are selected based on the intended use of the medical device.

Some of our products may be exempt from clinical trials in the relevant jurisdictions based on their classifications and applicable laws and regulations. For those requiring clinical trials, we collaborate with leading hospitals in China and globally to conduct clinical trials for our products. Our clinical data and practices are designed to meet the good clinical practice (the "**GCP**") standards.

Collaboration with Clinical Trial Institutions

The NMPA maintains a catalog of hospitals filed as clinical trial institutions, from which we select a number of leading hospitals with desirable expertise, patient samples, technology and equipment to conduct our clinical trials. We meet with the selected participating hospitals to discuss the trial's goals and requirements, as well as to select the leading institution for the trial, which typically will be the largest and best-equipped hospital of the participating hospitals.

We typically enter into an agreement with each selected hospital for each clinical trial, under which we and the participating hospitals prepare a clinical trial protocol following GCP standards. We submit the protocol to the ethics committee of each participating hospital for review. The ethics committees may ask us to revise the clinical trial protocol or other documents before their approval. Once the protocol is approved, amendments can only be made with the prior written consent of all parties. Where required by applicable laws, regulations, or relevant national policies, amendments to the protocol must be approved by the ethics committee and/or the relevant regulatory authority.

Pursuant to the agreement, each participating hospital is obligated to conduct clinical trials following the protocol and at the end of the clinical trial, issues a case report based on the collected data. We make payments according to the agreed schedules and items for the hospitals' services. Each participating hospital has the right to publish academic papers, provided it gives us prior written notice and we do not object in writing within seven days. We own all intellectual property rights arising from the clinical trial collaborations. Each participating hospital may enter into separate agreements with us regarding the arrangement of intellectual property rights. As of the Latest Practicable Date, we had not entered into such an agreement.

Relationships with CROs

We collaborate with reputable CROs to manage, conduct and seek their support for our clinical trials. We select our CROs based on various factors, such as their qualifications, academic credentials and professional experience of their employees and their industry reputations. We generally enter into an agreement with the CRO for the relevant clinical trial. We closely monitor our CROs to help ensure their performance will comply with our protocols and applicable laws, regulations and guidelines, which in turn protect the integrity and authenticity of the data from our clinical trials. We have worked with CROs for our clinical trials in China, including clinical trials for the System. As of the Latest Practicable Date, we had engaged two CROs in the research and development of our products and product candidates.

Under the agreements with our CROs, we are responsible for the trial preparation, monitoring subject enrollment, trial implementation and management, while the CROs take responsibility for record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations or standards. In return for their services, we

make payments in accordance with the payment schedule agreed by parties. Our CROs may further assist us in trial preparation and management pursuant to our particular request, for which extra fees will be incurred. Under the agreements, we generally own all intellectual property and trial results and the CROs must maintain strict confidentiality with respect to the information they acquired from us during clinical trials. Under the agreements, the CROs are obligated to keep all non-public information and data from the trials confidential, and return related materials, if any, to us at the end of our contract term.

Division of Responsibility

When collaborating with clinical trial institutions and CROs, we carefully review their credentials and clearly set forth our respective responsibilities, roles, timetable and work assignments in the relevant agreements. During the clinical trials, we closely monitor the work by clinical trial institutions and CROs to ensure that the actual trials are conducted according to the trial design, that the data collected are reliable and accurate, that patient rights are safeguarded and that these third parties comply with the applicable laws and regulations. If we detect issues through the above monitoring process, we would timely inform the clinical trial institutions and CROs of our findings and demand immediate rectifications. The following table sets forth a typical division of responsibility among us, clinical trial institutions and CROs, as applicable.

Responsibility	Our Role	Role of the Clinical Trial Institution	Role of the CRO
Clinical Trial Design	Determining and designing trial plan details for the control and trial groups, including (i) the specific types and content of the neurological and psychological assessment; (ii) specific parameters of primary outcomes and secondary outcomes; and (iii) cognitive training modules for the control group and the trial group.	Confirming the assessment parameters for the control and trial groups, the primary and secondary outcomes.	N/A
Informed consent and case report forms	Preparing informed consent and case report forms	Confirming and administering informed consent and case report	Assisting in the review of informed consent and case report

Responsibility	Our Role	Role of the Clinical Trial Institution	Role of the CRO
Enrollment of human subjects, clinical trial execution	Training patients on using the System, as well as providing continuous follow-up technical support and training to ensure patients can properly operate the System and complete the trial	Enrolling human subjects, conducting trials, controlling quality of the clinical trial process, and optimizing various clinical trial procedures on a continuous basis	Assisting in conducting clinical trials, including patient enrollment, information collection and filing, and quality monitoring
Data Analysis	Conducting literature research, parameter design for data analysis and sample data analysis	Confirming data analysis plan, and conducting periodic data analysis	In some cases, CROs prepare draft data analysis and reports

Collaborations Regarding the Xuanwu Trial

Due to the public funding nature of the Xuanwu Trial, only public bodies, including Xuanwu Hospital and other public hospitals, can be listed as sponsors. However, we served as a promoter of the Xuanwu Trial, and undertook extensive responsibilities similar to those of a sponsor. For example, we were the sole provider of the medical device product, the System, and were deeply involved in the clinical trial design and execution. Throughout the execution of the Xuanwu Trial and the administration of cognitive training modules among patients, the System was the only product used by the control group and the experimental group. All software and hardware equipment used during the Xuanwu Trial were supplied by us. We shared the responsibilities with the public hospitals of training the clinical trial personnel, and facilitating and following up with patients' family members. Our role is similar to the role of a sponsor in a typical clinical trial sponsored by private companies.

In order to demonstrate our key contributions in the Xuanwu Trial, the following table sets forth a comparison of the responsibilities of ours and of public hospitals during the Xuanwu Trial compared to those of a typical clinical trial.

	In a typical study	Our role in the Xuanwu Trial
Design and development of the trial device	Sponsor	We designed and developed the System as the sole trial device for the Xuanwu Trial

	In a typical study	Our role in the Xuanwu Trial
Clinical trial design	Principal investigator ("**PI**") and sponsor	We collaborated with the public hospitals in formulating and revision of trial designs, protocols, and preparation of informed consent and case report forms
Data and clinical information collection	Organized by clinical sites and executed by PI	Public hospitals
Providing trial medical device and training on device use	Sponsor	We provided the System as well as trainings on the use of the System by trial personnel throughout the trial. We also supplied all hardware and software used during the trial
Testing of the device and examination of the patients	Organized by sponsor and executed by clinical laboratories	We shared the responsibilities with the public hospitals in testing human subjects and following up with test results and the continuous carrying out of the tests under the System
Data analysis and complete the clinical summary report	PI (on execution and preparation of the report) and sponsor (on coordination and assistance)	Public hospitals (on execution and preparation of the report). We bore the coordination and assistance responsibilities

Meanwhile, the public hospitals were in charge of patient enrollment, multi-trial site coordination, clinical diagnosis, medical imaging and testing, clinical data analysis and report drafting.

Our Hardware Research and Development Collaborations

Our R&D capabilities have significantly contributed to the development and commercialization of the System among other products during the Track Record Period. To strengthen our R&D capabilities, we have cooperated with two third-party vendors to explore the application of cognitive impairment DTx software on VR hardware. We entered into a framework agreement to purchase VR hardware from one vendor, Guangzhou Kuanheng Information Technology Co., Ltd. (廣州寬恒信息科技有限公司), which provides that (i) the term of the agreement is 18 months; (ii) we intend to purchase approximately 1,000 units, the quantity of which shall not be binding on us, and the exact quantity shall be determined by actual orders placed within the 18-month period; (iii) we shall pay a fixed unit price for each unit of VR hardware purchased; (iv) we may terminate the purchase agreement if the vendor fails to deliver within 90 days of the stipulated delivery date; and (v) other standard quality and compliance terms.

We also entered into a service agreement with a software vendor, Shenzhen Iridium Medical Technology Co., Ltd. (深圳市銥磴醫療科技有限公司), to purchase software customization, customized development of back-end system, and testing services for 30 units of VR equipment on the VR hardware we purchased pursuant to the abovementioned agreement. The service agreement sets forth the fixed total service price to be paid in installments and a performance period of approximately three months. The service agreement also sets forth the mode of service delivery, under which we provide the vendor with 30 units of VR hardware for development purposes, which will be returned upon completion of the software services by the software vendor. Both parties are obligated to comply with relevant laws and regulations regarding privacy and medical data protection and to prevent any unlawful use, disclosure or processing of medical data. Additionally, the agreement grants the non-breaching party the right to terminate the agreement with a 10-day notice. We also have the right to terminate the agreement with the consent of the vendor or if we suffer material damages as a result of the vendor's breach. In addition, the vendor may terminate the agreement by paying a stipulated cost. The above agreements do not affect our independent research and development capabilities, because VR hardware is only one of the many types of hardware on which the System can run, which includes consumer electronics such as computers and tablets, and there are other vendors of similar VR hardware and related services.

Unless otherwise agreed, the intellectual property rights arising from the performance of the agreements in relation to the application of our DTx software products on VR hardware shall belong exclusively to us. All parties are bound by confidentiality provision which prohibits either party to disclose certain confidential information without the express written consent of the other party. We do not have any business relationships with these two vendors other than those set out in the agreements described above.

SALES AND MARKETING

We had commercialized our System for eight indications and obtained regulatory approvals for three additional products as of the Latest Practicable Date. For details of our products with regulatory approvals, see "—Our Product Pipeline."

Our Marketing Model

We focus our selling efforts on establishing relationships with hospitals, which were our primary customers during the Track Record Period. We seek to raise the profile of our technologies and products in the medical community and encourage their adoption, primarily through (i) collaborations with top hospitals; (ii) academic and research collaborations with KOLs; (iii) regular organization and participation in various academic conferences and (iv) promotional efforts to individual patients who have experienced our products in hospitals and may wish to continue purchasing our products for use in their homes.

Collaborations with Top Hospitals and Research Institutions

As of the Latest Practicable Date, we had helped more than 120 hospitals establish cognitive centers in China, including several leading hospitals with "National Medical Center" (國家醫學中心) certification for various medical specialties by the NHC. We offer the System to hospitals which enables hospitals to provide assessment and intervention to their cognitive impairment patients.

Background of Our Cognitive Center Collaboration Approach

Our adoption of the cognitive center cooperation approach was primarily driven by the following considerations. Since 2019, the government has been releasing periodic policy guidelines in support of the prevention and treatment of cognitive impairment diseases such as AD due to the aging of the Chinese population and the increasing prevalence of these diseases. Hospitals have responded to these calls by exploring opportunities to establish in-hospital cognitive impairment treatment capabilities, providing opportunities for players in China's cognitive impairment DTx market, such as ourselves, to expand commercialization of their DTx products. In addition, the experts in China's medical community also react favorably to establishing in-hospital assessment and intervention capabilities on cognitive impairment as a supplemental therapy to traditional drug treatment, as highlighted in the Chinese Expert Consensus on Cognitive Training (認知訓練中國專家共識) published in the Chinese Medical Journal in January 2019.

In response to the above, we began implementing our cognitive center approach by partnering with Chaoyang Hospital to establish the first cognitive training center in 2020. In April 2021, we further expanded our cognitive center approach by establishing the second cognitive training center with Anzhen Hospital. Encouraged by the success of these collaborations, we decided in 2021 to formally adopt the cognitive center cooperation model for the commercialization of our DTx products in hospitals.

Commercial Rationale for Cognitive Center Collaboration

We help hospitals establish cognitive centers primarily to provide the System integral software solutions to those hospitals for use in assessing and treating cognitive impairment patients. We also offer the System integral software solutions directly to patients out of hospitals who choose to continue to use our System at their own homes after initially receiving cognitive impairment assessment and/or intervention utilizing the System in hospitals.

Under the cognitive center collaboration, we incurred costs for (i) premise renovation; (ii) hardware purchases, such as tablets and computers on which the System runs; and (iii) purchases of data roaming packages for the cognitive centers premises. We own the intangible assets arising from the renovation of cognitive center premises as well as the hardware made available to the cognitive centers and the hospitals own or make available the property for use during cognitive center collaboration to host the cognitive centers. Through premise renovation, we ensure the consistency of the style of each cognitive center premise, which we believe is conducive to bringing an ideal environment to care for cognitive impairment patients and to enhancing our brand image. We incurred costs for hardware and data roaming packages to provide infrastructure support and ensure the proper functioning and operations of the System. We incurred RMB0.3 million, RMB0.9 million, RMB2.4 million, RMB1.2 million and RMB2.6 million in 2021, 2022, 2023, and the six months ended June 30, 2023 and 2024, respectively, in cost of sales for provision of the System integral software solutions in hospitals in relation to cognitive center collaboration.

Salient Terms of the Cognitive Center Collaboration Agreements

Pursuant to the terms of the cognitive center collaboration agreements, the hospitals shall be responsible for (i) providing the necessary premises for the cognitive centers with sufficient floor space, air conditioning, ventilation, internet access, and other basic conditions; (ii) overall management of the cognitive centers, including supervising our work and demanding replacement of the technical support staff we send; (iii) supervising the renovation of cognitive centers and the work of support staff we send to the cognitive centers; (iv) providing medical services to patients, conducting patient follow-ups, and charging patients medical service fees based on the number of times patients use the System, among other applicable standards; (v) paying fees for using the System; and (vi) handling investigations or other legal proceedings arising from medical services provided by or disputes caused by the hospitals.

We shall be responsible for (i) making the System available for use at the cognitive centers; (ii) maintaining the proper operations, maintenance and upgrades of the System; (iii) providing necessary funding on premise renovation, hardware, and data roaming packages; (iv) sending support staff at our expense to provide operational support to assist the hospitals in using the System to provide medical services to patients, and handling complaints that arise from their work; and (v) assisting hospitals in patient and medical data management and in complying with regulatory requirements on personal data and privacy matters. As advised by our PRC Legal Advisor, the hospitals are not legally obligated to exclusively use the System or promote the System to their patients in their cognitive centers pursuant to the relevant cognitive center cooperation agreements.

The amount of payment from hospitals to us is based on the number of times and the specific functions of the System used in hospitals. The pricing is set based on negotiations between us and the hospitals with reference to the relevant provincial health insurance reimbursement list. Hospitals shall confirm the amount of usage and settle the payments with us periodically. We shall also take measures to ensure that the System complies with relevant laws and regulations on cybersecurity and data privacy.

The contract period of the above agreements ranges from two to five years, and the agreements can be terminated by the non-breaching party in case of material breach by one party.

In particular, during the Track Record Period, one of the providers of operational support (the "**Operational Service Provider**"), an Independent Third Party, played two primary roles: (i) providing operational support such as guidance and technical support on the after-sale utilization and operations of our System to hospitals, and other services to ensure smooth operations of cognitive centers that adopt our System; and (ii) providing payment related services (which the Operational Service Provider provides free of charge) such as issuing sales invoices to hospitals based on the amount of usage within the relevant cognitive centers, collecting payments from hospitals on our behalf, and then settling the payments to us in full.

Relationship between the Operational Service Provider and Hospitals

The Operational Service Provider is a technology company with a registered capital of RMB8.0 million dedicated to offering clinical screening and testing services and research and development services. It was engaged by several hospitals to help them launch R&D projects, implement R&D results, and develop screening projects to satisfy clinical needs. The scope of services covers reproductive health, genetic disease screening, precision medicine, DTx, among other fields. The Operational Service Provider is primarily responsible for providing the necessary equipment, consumables and personnel, while the hospitals are responsible for providing the venue for conducting the projects, and assigning qualified personnel to serve on the expert advisory committee to oversee and advice on the projects. The Operational Service Provider may cooperate with certain third parties, such as ourselves, to help conduct the projects. The hospitals are obligated to pay a portion of the income arising from the projects (such as fees from patients who use screening services) to the Operational Service Provider.

Overview of Our Arrangement with Hospitals and Operational Service Provider

The arrangement involves three primary parties: the hospital, the Operational Service Provider and us. We provide our products directly to the hospital for the treatment of its patients. Based on the use of our products, the hospital makes payments to us, which are collected by the Operational Service Provider and remitted to us without deduction.

In addition to its payment-related services, the Operational Service Provider also provides operational services to hospitals on our behalf, including guidance, technical support and ensuring the smooth operation of cognitive centers that adopt our System. The Operational Service Provider provides qualified personnel to the cognitive centers, handles complaints and feedback and provides us with information on the competitive landscape. We make payments to the Operational Service Provider for the payment-related services it provides to us and for the operational services it provides to hospital's cognitive center on our behalf.

The operational service fee rate we pay the Operational Service Provider is calculated as a percentage of sales of the System integral software solutions made by hospitals to patients in hospitals. For sales of the System integral software solutions out of hospitals, the fee rate is calculated as the same percentage of sales made by us to patients who typically use the System first in hospitals and then decide to continue using it for cognitive training at their own homes. See "—Our Business Model" for a flow chart illustrating this arrangement."

The hospitals are liable for medical disputes, administrative penalties, and other legal liabilities caused by the hospitals in relation to cognitive centers. Such legal liabilities may include those arising from medical consultation or other services offered by the hospitals within the cognitive centers over which we or the Operational Service Provider has no control. We are liable for any labor disputes, injuries, accidents and related labor and personnel management issues that may occur during the assignment of our staff to cognitive centers. The Operational Service Provider is liable for any labor disputes, injuries, accidents and related labor and personnel management issues that may occur during the assignment of its staff to cognitive centers. As advised by our PRC Legal Advisor, as of the Latest Practicable Date, the Operational Service Provider is not required to obtain any special license (except for general business license) for providing the abovementioned operational support and payment related services to us.

In the collaboration agreement between the hospitals and the Operational Service Provider, it is clearly provided that we shall be the provider of the System. In another word, while, as a matter of form, the hospitals pay the Operational Service Provider for the System instead of directly making payments to us, the Operational Service Provider is obligated to repay the full amount to us without right to retain any portion thereof, indicating that the payment is made to us as a matter of substance. Therefore, the relationship among the hospitals, the Operational Service Provider and us is not one where the Operational Service Provider outsources or transacts any projects with the hospitals to us; rather, we are the party that directly work with the hospitals as stipulated in the collaboration agreement.

This arrangement has several advantages. First, the Operational Service Provider's management of payment-related services streamlines the financial process. By handling billing, collection and settlement, they reduce the administrative burden on our organization, allowing us to focus on our core business activities. Second, the provision of operational services by the Operational Service Provider ensures that hospitals adopting our System receive guidance and technical support, contributing to the smooth operation of cognitive centers. This support enhances the overall user experience and enables hospitals to maximize the benefits of our System.

We have begun to and expect to focus on providing operational services to hospitals by ourselves going forward without third-party service providers such as the Operational Service Provider. This is subject to further negotiations with existing third-party service providers and the hospitals as well as actual circumstances when approaching new hospital customers after [**REDACTED**]. We believe our ability to independently provide such operational services reduces our reliance on third parties and leads to more seamless integration of the System software and the operational services and smoother usage experience.

As of the Latest Practicable Date, we had six contracts with the Operational Service Provider to provide operational services to various hospitals in China. The total revenue generated from hospitals where the Operational Service Provider is involved was RMB0.9 million, RMB2.3 million, RMB11.3 million, RMB4.4 million and RMB7.4 million in 2021, 2022, 2023, and the six months ended June 30, 2023 and 2024, respectively.

Operational Support

We entered into a contract with the Operational Service Provider which sets forth that (i) the Operational Service Provider shall send qualified personnel to cognitive centers to facilitate cognitive center operations and usage of the System, handle patient and hospital complaints and feedback, provide us with information on updated competitive landscape, among others, and shall not provide cognitive screening, assessment, intervention, or operational support to others; and (ii) we shall provide necessary training on the usage and mechanism of actions of the System, relevant operating procedures, and industry, product and technological advancements to the Operational Service Provider and the hospitals, and timely pay for operational support provided by the Operational Service Provider, among others. The amount of payments we pay Operational Service Provider is calculated as a percentage of the amount paid by hospitals to the Operational Service Provider, which in turn is based on the amount of usage of the System by the hospitals. See "Financial Information—Description of Selected Components of Statements of Profit or Loss—Revenue" for more information.

The contract on operational support is valid for five years upon signing, unless renewed prior to expiration. Such agreement can be terminated upon expiration, or by non-breaching party upon material breach of either party.

Payment Collection and Reconciliation

We also entered into another agreement with the Operational Service Provider which sets forth that (i) the Operational Service Provider shall introduce the System to hospitals under its cooperation with hospitals pursuant to its separate cooperation agreements with hospitals, collect sales proceeds from and issues invoices to hospitals that use our System, and pay the whole amount received from hospitals to us. The Operational Service Provider only covers hospital customers with which it has separate cooperation and all hospitals under this arrangement with the Operational Service Provider were initially introduced by the Operational Service Provider. We directly introduce the System (without the introduction by the Operational Service Provider) to hospital customers who do not have cooperation with the Operational Service Provider; and (ii) we shall authorize the hospitals to use the System in assessment and intervention of cognitive impairments of their patients, handle the operations of the System in the hospitals (even though we fulfilled this obligation in part by entering into the separate abovementioned contract with the Operational Service Provider), and issue invoices to the Operational Service Provider and demand payment of the full amount it collected from hospitals. The Operational Service Provider does not have any obligations to send payments to us if the hospitals do not make payments to the Operational Service Provider with respect to the usage of our System, making the Operational Service Provider an entity through which payments pass in full from hospitals to us. The role played by the Operational Service Provider is not that of purchaser of our System for resale to hospitals. As such, we do not deem the Operational Service Provider as our customers. We do not incur any costs or expenses in relation to its payment related activities.

The agreement on payment collection is valid for five years upon signing, unless renewed prior to expiration. Such agreement can be terminated upon expiration, or by mutual consent in writing.

We and the Operational Service Provider usually prepare and submit a detailed list of usage amount of the System to the hospitals for review on a quarterly basis. The hospitals reconcile the list with their own records and discuss and confirm any reconciliation with us and the Operational Service Provider. After the list is confirmed among us, the Operational Service Provider and the hospitals, we invoice the Operational Service Provider using our name, who then invoice the hospitals using its name. Amount of both of these invoices are identical. After the hospitals receive invoices from the Operational Service Provider, hospitals pay the Operational Service Provider the amount invoiced, and the Operational Service Provider then promptly pay us the same amount within ten days of receiving payment from hospitals and receiving the invoice from us. This means that the Operational Service Provider must repay the full amount to us without the right to retain any portion. We have the right to claim against the Operational Service Provider if it does not pay us the full amount received from hospitals within such ten days. In the event of default by the hospitals, we are entitled to initiate negotiations with the relevant hospitals through the Operational Service Provider instead of claiming against the relevant hospitals directly.

The cooperation agreements between the Operational Service Provider and the hospitals set forth the payment and settlement arrangements between the hospitals to the Operational Service Provider. Such cooperation agreements also include a provision where a breaching party (including breach of obligation to timely make payments by the hospitals) is liable to the non-breaching for any damages arising from breaches. In addition, pursuant to the cooperation agreement between us and the Operational Service Provider, we are entitled to demand the Operational Service Provider to request and collect payment for the System from the hospitals on our behalf from time to time. We do not have direct recourse against the hospitals regarding the hospitals' payment obligations.

Reasons for the Above Transactions

The Operational Service Provider has been in cooperation with several hospitals in China to provide services that strengthen the hospitals' abilities to offer quality medical care under various medical specialties. Pursuant to the payment collection agreement above, the Operational Service Provider shall introduce the System to hospitals under such cooperation. Because of the cooperation between the hospitals and the Operational Service Provider, these hospitals are required by the internal policies of their management committees, legal departments and finance departments to only make payment to the Operational Service Provider, even though we are the party responsible for selling and delivering the System to the hospitals. To reflect this commercial reality, the Operational Service Provider agreed to timely remit the whole amount received from these hospitals to us without any withholding or deductions. We do not believe we have material reliance on the Operational Service Provider with respect to payment settlement, because we also sell the System to a large number of hospitals without the involvement of the Operational Service Provider. Even for the sales made through the Operational Service Provider, the funds originate from the hospitals, not the Operational Service Provider.

Because the Operational Service Provider provides operational services and charges us for such services, the Operational Service Provider is considered our supplier of operational support during the Track Record Period, while the relevant hospitals are considered our customers as they are the ultimate users of our System.

We have conducted interviews with the Beijing Municipal Health Commission (北京市衛生健康委員會) which indicate that the relevant arrangements among the hospital, the Operational Service Provider and us are in compliance with applicable PRC laws and regulations in all material respects. As advised by PRC Legal Advisor, the possibility that the above regulatory assurance being challenged by the higher-level authority is relatively low as of the Latest Practicable Date on the grounds that (i) Beijing Municipal Health Commission is responsible for the supervision and management of the city's healthcare industry, while the National Health Commission aims to give guidance to local health authorities; (ii) in accordance with the relevant constitutional and other statues in the PRC that govern the relationships between different levels of government authorities, higher-level authorities shall alter or annul decisions issued by lower-level authorities if such decisions are inappropriate. Therefore, higher-level authorities generally do not challenge or interfere with the decisions

issued by lower-level authorities if such decisions do not violate applicable laws and regulations. As advised by our PRC Legal Advisor, the relevant arrangements among the hospital, the Operational Service Provider and us are in compliance with applicable PRC laws and regulations in all material respects.

Overview of Our Engagement of Third-Party Service Providers

For cognitive center collaboration with hospitals, we sometimes engage third-party service providers, including the Operational Service Provider, to provide operational services to ensure the smooth operation of the System. The following table sets forth an overview of our historic and on-going engagements with third-party service providers.

Third-Party Service Providers	Service Provider Background	Reason for Engagement	Revenue from Associated Hospitals				Service Fees as Percentage to Total Cost of Sales			
			For the year ended December 31,			For the six months ended June 30,	For the year ended December 31,			For the six months ended June 30,
			2021	2022	2023	2024	2021	2022	2023	2024
			(RMB in thousands)				%			
Operational Service Provider	A private company engaged in medical research, clinical testing services, scientific research services and medical services.	To provide operational support for our cognitive centers.	878	2,298	11,278	7,360	6.9	20.9	15.4	12.6
Provider B	A private company engaged in market research, conferencing services, technology promotion and sale of medical device	To provide operational support for our cognitive centers.	89	1,777	29,890	26,776	0.8	11.4	42.0	54.6

We expect that the amount of revenue generated from customers involving the Operational Service Provider will decrease in the future, and our reliance on the Operational Service Provider to reach more hospital customers will continue to decline.

Collaborations with KOLs

We rely on KOLs, in particular, those who have used our products, to introduce and recommend our products to physicians and hospitals through academic events. When selecting KOLs for such events, we consider factors such as the participating physicians' vocational affiliation, the purpose and scale of the event, as well as the KOL candidate's academic and professional backgrounds, medical specialties and reputation in the industry. We also consider whether they have participated in clinical studies or published academic articles related to our products and technologies. All of our KOLs are Independent Third Parties. We provide these KOLs with detailed information of our products and help them make independent comparisons among competing products in the market.

KOLs have academic incentives in learning the latest diagnostic and treatment options within their therapeutic areas, as well as introducing cutting-edge technologies and products that they believe have clinical benefits to other physicians. Physicians, in the meanwhile, look to peer experts and KOLs in the medical community for guidance in research, diagnosis and treatment. We believe the resulting peer-to-peer interaction they generate, is instrumental in raising the awareness of our technologies and driving adoption of our products.

Academic Conferences

We regularly organize and participate in various academic conferences which include international and provincial conferences, regional conferences, as well as smaller events for specific hospital departments, to continuously enhance our brand recognition. For example, we have organized, attended, introduced our products, or shared our insights in the field of DTx in various academic conferences, such as the first Cognitive Impairment Disease Specialty Capability Building Conference (首屆認知障礙疾病專科能力建設會議). These conferences allow us to enhance the medical professionals' awareness of our products and communicate with them regarding our clinical results. During the Track Record Period, we had incurred aggregate of RMB7.6 million in conference fees to support these academic conferences and seminars.

Promotion Efforts on Individual Patients

We have also ramped up our promotional efforts to individual patients who have experienced our products in hospitals and may wish to continue purchasing our products for use in their homes. Through patient marketing campaigns designed to reach consumers who are either currently being treated or looking at medical options, we seek to empower these consumers through patient engagement to enjoy more options for their treatment by giving them direct access to information about relevant products or services.

Compliance of the Promotion Efforts

Our PRC Legal Advisor is of the view that our collaboration with various hospitals, including our funding of the renovation of the hospitals cognitive centers, does not violate any applicable PRC laws and PRC regulations in all material aspects. In addition, our PRC Legal Advisor is of the view that the risk that we and the Operational Service Provider are found guilty of corruption or bribery in PRC due to building cognitive centers and various promotional efforts (sponsoring conferences) is low, on the following basis:

(i) building and operating cognitive centers are legitimate business activities based upon the willingness of both our Group and the hospitals, without illegitimate intent of interest transfer, and each involved party has observed its internal decision-making procedures when entering into the cooperation and has performed the relevant contract obligations under the signed agreements;

(ii) during the Track Record Period and as of the Latest Practicable Date, we participated in academic conferences primarily as attendees, and the purpose of certain conferences was primarily academic communication;

(iii) as of the Latest Practicable Date, neither we nor the Operational Service Provider had been subject to any fines or administrative penalties, mandatory rectifications, sanctions, arbitrations, suits, legal actions or proceedings by any PRC competent regulatory authorities in relation to corruption and bribery;

(iv) as of the Latest Practicable Date, neither we and the Operational Service Provider had been involved in any corruption or bribery investigations initiated by PRC competent authorities in connection with the above sales and marketing activities; nor have we and the Operational Service Provider received any inquiries, notices, warnings, or complaints in such respect;

(v) according to the confirmation letters issued by the local counterparts of the Administration for Market Regulation (市場監督管理局) of where we had registered entities in China, as well as public searches through National Enterprise Credit Information Publicity System, Credit China, and China Judgment Document Network, as of the Latest Practicable Date, there had not been any administrative penalties or relevant litigation records related to us or the Operational Service Provider on corruption or bribery;

(vi) according to public search through National Health Commission websites and the websites of relevant provincial health commissions in China, as of the Latest Practicable Date, neither we nor the Operational Service Provider had been listed in the adverse records with respect to commercial bribery; and

(vii) we have conducted interviews with Beijing Municipal Health Commission (北京市衛生健康委員會), which is the competent authority regarding the supervision and management of the medical and health industry in Beijing, as well as Beijing Municipal Medical Insurance Enforcement Brigade (北京市醫療保障執法總隊), which is the competent authority regarding medical insurance administrative law enforcement in Beijing, both of which indicate that our collaboration with various hospitals, including funding of the renovation of the hospitals cognitive centers is in compliance with relevant PRC laws and regulations.

Based on the independent due diligence work conducted by the Joint Sponsors and as advised by the legal advisers of the Joint Sponsors as to PRC laws, the Joint Sponsors concur with the view of the Company's PRC Legal Advisor as mentioned above.

Our PRC Legal Advisor is of the view that, based on the results of the following searches, as of the Latest Practicable Date, no relevant administrative penalties or criminal litigation records on corruption or bribery against our top five hospital customers in terms of cognitive centers revenue for each year during the Track Record Period had been identified:

(1) Our PRC Legal Advisor obtained the list of our top five hospital customers in terms of cognitive centers revenue for each year during the Track Record Period; and

(2) Our PRC Legal Advisor conducted desktop searches on these hospital customers through National Health Commission websites and the websites of relevant provincial health commissions in China, Credit China, and China Judgment Document Network.

Our Sales and Marketing Team

Our marketing efforts are implemented by our in-house sales and marketing team that is aligned across various indication areas and geographic regions. As of the Latest Practicable Date, we had established a strong in-house sales and marketing team of 10 members. Our sales and marketing team is led by Mr. Lai Zhiyuan, a veteran in medical industry with more than ten years related experiences. As of the Latest Practicable Date, a majority of our sales and marketing personnel had served at global and domestic leading companies and accumulated diverse experience in the medical and healthcare industry, covering various sectors, including medical device, medicine, consumables, software and medical informatization.

Pricing and Flow of Funds

For provision of the System integral software solutions in hospitals, patients first pay hospitals for using the System, and hospitals then periodically settle payments for the System to us based on the amount of use of the System by patients. The prices paid by patients to hospitals are determined by the local health insurance reimbursement lists, and the priceshospitals pay us for each time the System is offered to patients are determined based on negotiation between the hospitals and us with reference to the applicable prices under local health insurance reimbursement lists. We sometimes engage third-party service providers to provide operational support in cognitive centers of these hospitals on our behalf. In such cases, after receiving payments from patients, hospitals settle payments to the service providers which then remit the amount from hospitals to us in full. See "Business—Sales and Marketing—Our Marketing Model—Collaborations with Top Hospitals and Research Institutions" for more details on the rationale, roles and arrangements with such service providers. For patients who purchase our System integral software solutions out of hospitals, we charge patients a subscription fee which enables them to access and train with our System and receive related support services for a certain period of time from the comfort of their own homes. For our research projects services, we charge our customers on a cost-plus basis, taking into account the amount of staff resources and other costs of providing data analytics and system development services, plus a margin determined on an individual basis depending on characteristics of each project, such as (i) the degree to which our customers rely on our System to conduct research projects; (ii) the level of labor intensity of a project; and (iii) case-by-case negotiations with customers. As of the Latest Practicable Date, the price for cognitive training in hospitals ranges from approximately RMB10.0 to RMB930.0 per session, depending on the content and number of training sessions actually received by the patient. The prices for out-of-hospital subscription range from approximately RMB480.0 to RMB5,600.0 with subscription periods of one month to one year. Due to the tailored nature of research project services, the price we charge for research project services can range from RMB50,000 to RMB10.0 million. For our sale of integrated equipment and user accounts, the typical selling price for each equipment alone was approximately RMB3,000, and the typical selling price for each user account is approximately RMB1,000, which is primarily determined by costs plus a reasonable margin acceptable to customers. For our training facilitation service, we charge attendees approximately RMB2,000 to RMB3,000 service fee per attendee based on the type of training attendees when they sign up for the training.

OUR CUSTOMERS

Our customers primarily include (i) hospitals from which we generate revenue for provision of the System integral software solutions in hospitals; (ii) individual patients from whom we generate revenue for provision of the System integral software solutions out of hospitals; (iii) hospitals, universities, and other research institutions from which we generate research project revenue; and (iv) Customer H, a public institution dedicated to advancing the knowledge and capabilities of physicians and other medical professionals in China, being the organizer and the party who is ultimately responsible for designing, organizing and providing guidance on these training sessions. Customer H is responsible for establishing the expert panel for the trainings, setting training goals and standards, evaluating attendee performance, awarding certificates to attendees, and supervising the overall operations of the training sessions. Customer H engages us to provide certain organizational and logistical groundwork, which facilitates Customer H in carrying out its overall goals. Per request from Customer H, we charge service fees from attendees. Our ability to collect service fees from attendees originates from our engagement by Customer H to provide organizational and logistical groundwork. See "Financial Information—Description of Selected Components of Statements of Profit or Loss—Revenue" for more details. As of the Latest Practicable Date, we had generated sales revenue for the System from 173 hospitals in China. The total revenue generated from our top five customers was RMB1.6 million, RMB8.3 million, RMB50.8 million, and RMB28.9 million in 2021, 2022, 2023, and the six months ended June 30, 2024, respectively. Our five largest customers combined accounted for 70.1%, 73.1%, 75.6%, and 55.6%, respectively, of our total revenue, and our largest customer accounted for 35.5%, 39.1%, 39.9%, and 28.0%, respectively, of our total revenue, in 2021, 2022, 2023, and the six months ended June 30, 2024. We became acquainted with our top five customers for each period during the Track Record Period through various cooperation on clinical trials, cognitive centers and brain science research projects, as well as academic conferences we organized and attended.

The following tables set forth certain information about our five largest customers during the Track Record Period in terms of revenue.

2021

Customers	Services Provided/ Products Sold	Customer Background	Revenue	Revenue Contribution
			(RMB in millions)	*%*
Customer B	Provision of the System integral software solutions	A public hospital founded in the early 1980s with approximately RMB300.0 million in registered capital that engages in medical research and provides medical services	0.8	35.5

Customers	Services Provided/ Products Sold	Customer Background	Revenue	Revenue Contribution
			(RMB in millions)	*%*
Customer H	Sales of user accounts	A private company founded in 2014 with approximately RMB3.0 million in registered capital that engages in education, health and business consulting and the sale of electronic products	0.3	12.3
Customer I	Sales of software and hardware	A private company founded in 2018 with approximately RMB5.0 million in registered capital that engages in the wholesale of computer software, computer hardware, construction material and medical devices	0.2	9.2
Customer C	Research projects services	A public university founded in the early 1930s with approximately RMB2,000.0 million in registered capital that engages in R&D activities and provides higher education	0.2	8.1
Customer J	Sales of software and hardware	A private company founded in 2015 with approximately RMB3.0 million in registered capital that engages in software development and provides information technology services	0.1	5.0
Total			1.6	70.1

2022

Customers	Services Provided/ Products Sold	Customer Background	Revenue	Revenue Contribution
			(RMB in millions)	*%*
Customer A	Provision of system integral software solutions; and research projects service	A public hospital founded in the late 1910s with approximately RMB50.0 million in start-up capital that engages in medical research and provides medical services	4.4	39.1
Customer B	Provision of system integral software solutions	A public hospital founded in the early 1980s with approximately RMB300.0 million in start-up capital that engages in medical research and provides medical services	2.2	19.8
Customer C	Research projects service	A public university founded in the early 1930s with approximately RMB2,000.0 million in start-up capital that engages in R&D activities and provides higher education	0.9	8.4
Customer D	Provision of system integral software solutions	A private hospital founded in the mid 2000s with approximately RMB2.0 million in start-up capital that provides medical services	0.4	3.2
Customer E	Research projects service	A public hospital founded in the mid 1880s with approximately RMB30.0 million in start-up capital that engages in medical research and provides medical services	0.3	2.6
Total			8.2	73.1

2023

Customers	Services Provided/ Products Sold	Customer Background	Revenue	Revenue Contribution
			(RMB in millions)	*%*
Customer A	Provision of system integral software solutions; and research projects service	A public hospital founded in the late 1910s with approximately RMB50.0 million in start-up capital that engages in medical research and provides medical services	26.8	39.9
Customer B	Provision of system integral software solutions	A public hospital founded in the early 1980s with approximately RMB300.0 million in start-up capital that engages in medical research and provides medical services	11.0	16.3
Customer F	Provision of research projects service	A public hospital founded in the early 1950s with approximately RMB340.0 million in start-up capital that engages in medical research and provides medical services	6.8	10.2
Customer K	Training facilitation service	A public institution founded in the early 2010s with approximately RMB0.1 million in start-up capital that is dedicated to advancing the knowledge and capabilities of physicians and other medical professionals in China	5.1	7.6
Customer G	Provision of the System integral software solutions; and research projects service	A public hospital founded in the late 1950s with approximately RMB230.0 million in start-up capital that engages in medical research and provides medical services	1.1	1.6
Total			50.8	75.6

For the six months ended June 30, 2024

Customers	Services Provided/ Products Sold	Customer Background	Revenue	Revenue Contribution
			(RMB in millions)	*%*
Customer A	Provision of system integral software solutions; and research projects service	A public hospital founded in the late 1910s with approximately RMB50.0 million in start-up capital that engages in medical research and provides medical services	14.5	28.0
Customer F	Provision of research projects service	A public hospital founded in the early 1950s with approximately RMB340.0 million in start-up capital that engages in medical research and provides medical services	5.8	11.3
Customer B	Provision of system integral software solutions	A public hospital founded in the early 1980s with approximately RMB300.0 million in start-up capital that engages in medical research and provides medical services	5.7	10.9
Customer L	Provision of system integral software solutions	A public hospital founded in the late 1940s with approximately RMB250.0 million in start-up capital that engages in medical research and provides medical services	1.6	3.0
Customer G	Provision of the System integral software solutions; and research projects service	A public hospital founded in the late 1950s with approximately RMB230.0 million in start-up capital that engages in medical research and provides medical services	1.3	2.4
Total			28.9	55.6

During the Track Record Period, all of our five largest customers in each year were Independent Third Parties. None of our Directors, their respective associates, or Shareholders who, to the knowledge of our Directors, own 5% or more of our issued share capital had any interest in any of our five largest customers in each year during the Track Record Period. In some cases, we collaborate with some of our customers on R&D of the System. See "—Core Product: Brain Function Information Management Platform Software System—Core Product Development" and "Research and Development" on details on such cooperations. We also

cooperate with certain hospital customers to conduct clinical trials for products other than the System for different indications during the Track Record Period. See "—Other Products and Product Candidates" for more details on certain of these cooperations.

Due to the nature of our business, two of our hospital customers, Customer B and Customer F, were also our suppliers during the Track Record Period. These hospital customers are primarily engaged in conducting medical research and providing medical services. We first became acquainted with these hospitals through R&D cooperation in the development of the System.

For Customer B, we provided the System integral software solutions in hospitals in 2021, 2022, 2023, and the six months ended June 30, 2024 and provided research projects service in 2023, and generated revenue of RMB0.8 million, RMB2.2 million, RMB11.0 million, and RMB5.7 million, respectively. During the same periods, we procured clinical trial services from Customer B in relation to the clinical trials of the System for certain VCI indications, and incurred nil, RMB0.03 million, RMB3.6 million, and RMB0.2 million in purchases in 2021, 2022, 2023, and the six months ended June 30, 2024, respectively.

For Customer F, we provided research projects service in 2022 and 2023 and the six months ended June 30, 2024, and generated revenue of RMB0.3 million, RMB 6.8 million and RMB5.8 million, respectively. During the same periods, we procured clinical trial services from Customer F in relation to the clinical trials of the System for certain NCI indications and procured certain intellectual property primarily related to cognitive impairment assessment methods and system (patent/patent application numbers: CN202210985424.2 and 202211512702.9), and incurred nil, RMB2.3 million and RMB17 thousand in purchases in 2022, 2023 and the six months ended June 30, 2024, respectively. For additional details of the purchased intellectual property, see "—Intellectual Property."

We selected this hospital customer as clinical trial service providers because we believe it has the technical expertise and patient resources to facilitate the conduct of trials and that given its demand for our products, it had a strong incentive to provide the clinical trial services to the best of its ability to strengthen its business relationship with us.

Apart from the above, none of the above five largest customers in each year, to the knowledge of our Directors, had any past or present relationship (business, employment, financing, family, trust or otherwise) with our Company, our subsidiaries, their directors, shareholders and senior management, and any of their respective associates.

To determine the appropriate credit periods and terms, we generally consider the credit histories of our customers and typically grant them credit terms that range from 30 to 180 days. We may extend our credit terms for our customers, based on various factors, including the duration of our customer relationship and type of service provided.

Customer Services

Cognitive impairment DTx is a new market area. We believe that thorough training and ongoing customer support are important to develop a long-term relationship with hospitals and other end users. We provide the following reliable, effective and satisfactory customer services, which contribute to the improvement of user experience and product satisfaction.

We provide customer service to train end users and handle all kinds of customer queries and complaints regarding our products and services. They are able to seek technical supports, make queries and file complaints on the quality of our products and adverse events after use via various channels, such as phone calls, online written instant messaging, and face-to-face communications. Our return and exchange policy generally does not allow any return or exchange, in line with industry norms. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material customer complaint or return from customers.

We have a team dedicated to tracking and recording the occurrence of adverse events and serious adverse events. The team will report when notices a suspicious event. If the team determines that an incident involving our product constitutes an adverse event under applicable laws and regulations, we will report the incident to corresponding regulatory authorities and assess the cause for the adverse events. We also investigate and analyze the cause of issue raised by users of our products and refer the quality issue to our management and relevant responsible departments for resolution and correction. We will recall our products for quality issues when necessary. During the Track Record Period and up to the Latest Practicable Date, there were not any product recalls due to quality issues.

Product Liability

Pursuant to applicable PRC laws and regulations, medical institutions will be held liable for any damage caused to a patient when receiving medical diagnosis and treatment, if the medical institution or any practicing physician is at fault, or if the practicing physician fails to perform diagnosis and treatment obligations corresponding to the prevailing medical standards in diagnosis and treatment activities. However, if any injury to the patient is caused by the defect of a medical device, the patient can claim against the manufacturer or the seller of the medical device.

On such basis, and as advised by our PRC Legal Advisor, we are not legally liable for physicians' misuse of our DTx products unless any injury was resulting from the defect of our DTx products. During the Track Record Period and as of the Latest Practicable Date, we were not involved in any lawsuits, arbitrations and other legal proceedings in this regard, and we were not subject to any administrative penalties due to quality issues of our products.

OUR SUPPLIERS

Our major suppliers primarily provide us (i) certain research and development services which we outsource to third-party vendors; (ii) operational support provided to cognitive centers on our behalf, such as guidance and technical support on the after-sale utilization and operations of our System and other services to ensure smooth operations of cognitive centers in hospitals that adopt our System; (iii) suppliers of certain hardware on which our products run; (iv) providers of professional services such as market development services, financial advisory services, property renovation services, human resource services, and cloud services; and (v) lessors of our leased properties. Our suppliers are primarily located in China. We have established stable relationships with many of our key suppliers. For the top five suppliers in each period during the Track Record Period as disclosed below, we became acquainted with them through introduction by our employees or business partners who had prior working relationship with these suppliers and through the regular supplier engagement process during our ordinary course of business carried out by our personnel responsible for procurement.

The total purchases from our top five suppliers were RMB36.3 million, RMB13.8 million, RMB39.2 million, and RMB30.2 million, respectively, in 2021, 2022, 2023, and the six months ended June 30, 2024. Our five largest suppliers combined accounted for 80.3%, 46.4%, 43.9%, and 55.5%, respectively, of our total purchases, and our largest supplier accounted for 33.2%, 12.7%, 18.7%, and 27.4%, respectively, of our total purchases, in 2021, 2022, 2023, and the six months ended June 30, 2024.

The following tables set forth certain information about our five largest suppliers during the Track Record Period in terms of procurement amount.

2021

Suppliers	Goods and/or Services Procured	Principal Business	Procurement Amount	Procurement Contribution
			(RMB in millions)	*(%)*
Supplier I	Financial advisory	A private company founded in 2018 with approximately RMB5.0 million in registered capital that provides financial, technical and management consulting services	15.0	33.2
Beijing Dongsheng Bozhan Science & Technology Development Co., Ltd.	Housing rental	A private company founded in 2002 with approximately RMB10.0 million in registered capital that engages in property management	8.7	19.3

Suppliers	Goods and/or Services Procured	Principal Business	Procurement Amount	Procurement Contribution
			(RMB in millions)	*(%)*
Supplier F	Housing rental	A private company founded in 1977 with approximately RMB30.0 million in registered capital that engages in the leasing of office and commercial spaces and the manufacturing and sale of machinery and equipment	5.8	12.8
Supplier K	Housing rental	A private company founded in 2018 with approximately RMB10.0 million in registered capital that engages in property management, construction, real estate management, technology incubator, research and consulting businesses	4.1	9.2
Supplier C	Decoration Designs	A private company founded in 2012 with approximately RMB30.0 million in registered capital that provides renovation, professional design and conference management services	2.6	5.8
Total			36.3	80.3

Note:

1. Supplier I provided financial advisory services in relation to our [**REDACTED**] investment, which primarily included reviewing our financial documents, recommending investment institutions and funds, and facilitating financing transactions (which led to the issuance of the RMB300.0 million long-term bond. See "Financial Information—Indebtedness—Long-term Bond" for details.) We became acquainted with Supplier I through introduction by a business partner. Supplier I worked along with our management and other personnel in providing the above services. We only purchased such services in 2021 in the amount of RMB15.0 million, and the amount of services purchased from Supplier I in 2022, 2023 and the six months ended June 30, 2024 was nil.

2022

Suppliers	Goods and/or Services Procured	Principal Business	Procurement Amount	Procurement Contribution
			(RMB in millions)	*(%)*
Supplier A	Property renovation	A private company founded in 2020 with approximately RMB5.0 million in registered capital that engages in renovation, engineering design, general contracting, leasing of equipment and sale of appliances	3.8	12.7
Supplier B	Operational support	A private company founded in 2021 with approximately RMB1.0 million in registered capital that provides technical services, consulting services, project planning services and the sale of machinery and equipment	2.8	9.3
Shenzhen Hochichuang Technology Co., Ltd.	Equipment	A private company founded in 2018 with approximately RMB10.0 million in registered capital that engages in software development, computer hardware development and big data analysis	2.6	8.7
Supplier C	Renovation design	A private company founded in 2012 with approximately RMB30.0 million in registered capital that engages in renovation, professional design and conference management services	2.5	8.5
Supplier D	Human resources services	A private company founded in 2020 with approximately RMB1.0 million in registered capital that provides human resources management and consulting services	2.1	7.2
Total			13.8	46.4

2023

Suppliers	Goods and/or Services Procured	Principal Business	Procurement Amount	Procurement Contribution
			(RMB in millions)	*(%)*
Supplier E	Operational support	A private company founded in 2021 with approximately RMB5.0 million in registered capital that provides corporate planning services, market research services as well as technology development services	16.7	18.7
Supplier F	Housing rental	A private company founded in 1977 with approximately RMB30.0 million in registered capital that engages in the leasing of office and commercial spaces and the manufacturing and sale of machinery and equipment	8.4	9.4
Supplier G	Operational support	A private company founded in 2015 with approximately RMB8.0 million in registered capital that provides health advisory services, medical research and experimental development	5.4	6.1
Supplier B	Operational support	A private company founded in 2021 with approximately RMB1.0 million in registered capital that provides technical services, consulting services, project planning services and the sale of machinery and equipment	4.4	4.9
Shenzhen Hochichuang Technology Co., Ltd.	Equipment	A private company founded in 2018 with approximately RMB10.0 million in registered capital that engages in software development, computer hardware development and big data analysis	4.3	4.8
Total			39.2	43.9

For the six months ended June 30, 2024

Suppliers	Goods and/or Services Procured	Principal Business	Procurement Amount	Procurement Contribution
			(RMB in millions)	*(%)*
Supplier E	Operational support	A private company founded in 2021 with approximately RMB5.0 million in registered capital that provides corporate planning services, market research services as well as technology development services	14.9	27.4
Supplier B	Operational support	A private company founded in 2021 with approximately RMB1.0 million in registered capital that provides technical services, consulting services, project planning services and the sale of machinery and equipment	5.8	10.7
Supplier M	Equipment	A private company founded in 2003 with approximately RMB110.0 million in registered capital that focuses on IT hardware or software product marketing, system integration, enterprise IT integrated services, and enterprise purchasing services	3.5	6.3
Supplier G	Operational support	A private company founded in 2015 with approximately RMB8.0 million in registered capital that provides health advisory services, medical research and experimental development	3.4	6.3
Supplier L	Advertising Services	A private company founded in 2023 with approximately RMB0.1 million in registered capital that provides literary and artistic creation, advertising production and specialized design services	2.6	4.8
Total			30.2	55.5

We select our suppliers based on a variety of factors, including their qualification, reputation, pricing, and overall services. We perform thorough due diligence on our suppliers, regularly monitor and review their performance.

To the best of our knowledge, all of our five largest suppliers in each year during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates, or Shareholders who own 5% or more of our issued share capital had any interest in any of our five largest suppliers in each year during the Track Record Period. None of the above five largest suppliers in each year, to the knowledge of our Directors, had any past or present relationship (business, employment, financing, family, trust or otherwise) with our Company, our subsidiaries, their directors, shareholders and senior management, and any of their respective associates. During the Track Record Period, none of our major suppliers was also our customer.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers or experience any material breach of our supply agreements. We had not experienced any material fluctuations in the pricing of our supplies during the Track Record Period. To the best of our knowledge, as of the Latest Practicable Date, there was no information or arrangement that would lead to termination of our relationships with any of our major suppliers.

BUSINESS SUSTAINABILITY AND COMMERCIALIZATION STRATEGIES

We believe the long-term sustainability of our product commercialization can be substantiated by the following strategies and trends:

Further Helping Hospitals Establish Cognitive Centers

We provide the System to hospitals which enables them to provide assessment and intervention to their cognitive impairment patients utilizing the System. A substantial portion of our revenue during the Track Record Period was generated from provision of the System integral software solutions in hospitals, which accounted for 42.1%, 36.1%, 61.3%, 62.3% and 68.0% of our total revenue in 2021, 2022, 2023, and the six months ended June 30, 2023 and 2024, respectively. We establish relationships with hospitals through cognitive centers which we help hospitals establish by providing the System, the hardware on which the System operates, as well as the funding for renovating the cognitive center premises. As of the Latest Practicable Date, we had helped more than 120 hospitals establish cognitive centers in China, including several leading hospitals with "National Medical Center" (國家醫學中心) certification for various medical specialties by the NHC.

Building on our early success with respect to cognitive centers, we became the first organizer of a project initiated by the NHC, according to Frost & Sullivan, under which we are tasked with helping to establish cognitive centers in over 2,100 public hospitals across China and promoting the development of cognitive impairment DTx market in China over the next five years. We intend to continue to help hospitals establish cognitive centers, and fully capitalize on the commercialization potential of our System in new cognitive centers in these hospitals, which we believe will provide us sustainable growth in our business and revenue scale.

Enhanced Brand and Product Awareness

We intend to recruit more talents with academic and professional experiences in the field of cognitive impairment DTx to expand our commercialization team and enhance the team's academic and marketing capabilities. Leveraging our extensive clinical research experience, academic achievements in publishing research papers on top academic journals and our recognition among industry experts, we intend to further solidify our long-term relationships with leading hospitals and physicians as well as regulatory authorities by sponsoring more academic conferences, and actively participating in the establishment of industry standards. We believe such relationships will further enhance market penetration of our DTx product. See "—Sales and Marketing—Our Marketing Model" for more details on the various types of methods we have and will continue to adopt to further commercialize our products and services.

Product Innovation and Indication Expansion

We plan to accelerate the development, registration, and commercialization processes to expand our System to more cognitive impairment indications by developing upgraded versions of the System or developing new products. We believe this will enable us to provide customized and effective medical solutions to more cognitive impairment patients. As of the Latest Practicable Date, our System had several other indications under various stages of preclinical and clinical development. We intend to apply for regulatory approval and market these new indications, which we believe will be able to serve the needs of more hospitals and patients. We also have four other products with regulatory approvals, and six additional product candidates under different stages of preclinical and clinical development or registration process. We intend to conduct further preclinical and clinical development activities to obtain regulatory approvals for commercialization in various markets worldwide, which we believe presents significant opportunity for future business and revenue growth.

Growing Industry Trend Demonstrating Strong Market Demand

Cognitive impairment DTx industry is still at an early stage of development. According to Frost & Sullivan, the market size of the cognitive impairment DTx in China reached RMB268.6 million in 2023 and is expected to increase to RMB1,046.7 million in 2025 and RMB8,927.4 million in 2030, representing CAGRs of 97.4% and 53.5%, respectively. As a seasoned player in China's cognitive impairment DTx market, we believe we are well-positioned to capture the rapid growth in the cognitive impairment DTx market in China, and achieve sustainable business and revenue growth.

MANUFACTURING

We have third-party vendors who manufacture the hardware on which our products run. We do not own or operate any manufacturing facilities. We enter into purchase agreements which fix the pricing of the hardware (typically tablet computers) within the agreement period, and provide for payment terms and timetable, quality and warranty provisions, delivery and confidentiality, among other standard terms. We then place individual purchase orders which set forth the quantity of purchase, and pay purchase price pursuant to the purchase agreement after vendors confirm the purchase order within 48 hours. We became acquainted with these vendors through the regular procurement process and do not have any relationships other than those described above.

QUALITY MANAGEMENT

We have a quality management department that devotes resources to the quality management of our products. Our management team is actively involved in setting quality policies and managing our internal and external quality performance.

Our entire quality control system is designed to meet the ISO 13485 international quality management standards for quality management. This includes adherence to the basic methodology, tools, quality planning, quality assurance, quality control and quality improvement requirements outlined in the standards. We have achieved ISO 13485 certification in this area, confirming our compliance with international quality management standards. To ensure ongoing compliance, we conduct regular internal reviews and external audits on an annual basis.

In addition, we review medical device management specifications to ensure compliance with relevant standards. This includes reviewing the management of nodes, the basic requirements for quality control and the methodology for the entire process in the above-mentioned systems.

Overall, we have a comprehensive quality control system that includes various major systems such as software engineering management, project management, risk management, operation and maintenance management and knowledge management.

OUR PROPERTIES

As of the Latest Practicable Date, we had 19 leased properties in China, with a total aggregate gross floor area of approximately 11,000 sq.m. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration. As of the Latest Practicable Date, we did not have any self-owned properties.

The following table sets forth a summary of the material leased properties of the Latest Practicable Date:

Location	Usage	Address	Gross Floor Area (sq.m)	Property Leased	Expiry Date
Shaoxing, Zhejiang	Office	No. 2 Pingjiang Road, Yuecheng District, Shaoxing Shuimuwan District Science Park, Building 3, 13F 1301/14F 1401/16F 1601	4,016	Leased	July 25, 2026
Haidian District, Beijing	Office	Building A, No. 135 Qinghe Road	2,196	Leased	September 9, 2024
Haidian District, Beijing	Office	Building G, No. 135 Qinghe Road	2,024	Leased	August 31, 2025

We expect to renew and extend these leases before their respective expirations, or seek other premises based on business needs. For our other leases, we expect to initiate renewal discussions with the landlords and do not expect any material obstacles for successful extension. If we were unable to renew such leases, our Directors believe we can find alternative offices within a short time as there are plenty of comparable supplies in the market, and we will incur immaterial moving expenses for our operations. For risks related to lessors and other aspects of our leased properties, see "Risk Factors—Risks Relating to Our General Operations—We do not own any real estate with respect to our current principal place of operation and may be exposed to risks associated with leased properties. For example, we may be subject to fines due to the lack of registration of our leases."

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), we need to comply with the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group's interests in land or buildings, as we have property interest with a carrying amount of 15% or more of our consolidated total assets. Accordingly, we have prepared the Property Valuation Report with respect to our Group's owned properties pursuant to Chapter 5 of the Listing Rules.

COMPETITION

While we believe that our technology, development experience, and scientific knowledge provide us with competitive advantages, we face potential competition from many different sources. To maintain our competitive edge, we pursue patent protection and establish collaborative arrangements for the research, development, manufacturing and commercialization of evidence-based therapeutics. Any products that we successfully develop and commercialize will face competition from new therapies that may become available in the future. See "Industry Overview—Cognitive Impairment DTx Market" for more information on details of the competitive landscape we face.

INSURANCE

We believe we maintain insurance policies covering risks in line with industry standards. We do not maintain any liability insurance or property insurance policies covering our equipment and facilities for losses due to fire, earthquake or any other disaster. Consistent with industry norm, we do not maintain key-man life insurance for any member of our senior management, or business disruption insurance. While we believe that our insurance coverage is adequate and in line with the industry norms, it may, however, be insufficient to cover all claims for product liability, damage to our assets, facilities and equipment or employee injuries. See "Risk Factors—Risks Relating to Our General Operations—Our insurance coverage may not completely cover the risks related to our business and operations, which could expose us to significant costs and business interruptions" for more information.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of the Latest Practicable Date:

Function	Number	% of Total
Management and Administrative	36	21.4
R&D	122	72.6
Marketing	10	6.0
Total	**168**	**100.0**

As of the Latest Practicable Date, all our employees were based in Mainland China.

Employment Agreements with Key Management and Research Staff

We generally enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete clause that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for up to two years after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, see "Directors and Senior Management."

We believe that we maintain a good working relationship with our employees. We believe we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations.

Training and Development

We believe that our success depends in part on our ability to attract, recruit, train and retain talented employees. We are committed to continuously enhancing our team's technical expertise, continuing education, project management capabilities and service quality with a comprehensive training system, including periodic technical training and regular sharing of industry insight to accelerate the learning progress and improve the knowledge and skill levels of our workforce. We also conduct training for our employees to abide by our anti-bribery and anti-corruption compliance requirements and applicable laws and regulations to eliminate bribery and corruption risks.

Employee Benefits

Our employees' remuneration consists of salaries, bonuses, employees' provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plan, unemployment insurance, work-related injury insurance, medical insurance and maternity insurance), supplemental medical insurance and housing funds for our employees. As of the Latest Practicable Date, we had complied with statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects.

INTELLECTUAL PROPERTY

Intellectual property rights are important to our business. We develop and use a number of patents, copy rights and other intellectual properties during our ordinary course of business.

As of the Latest Practicable Date, we had 178 registered trademarks, 40 granted patents, 78 registered software copyrights and filed 70 patent applications in China, as well as nine pending patent applications overseas.

The following table sets forth an overview of our material granted patents and pending patent applications in connection with our System and other products as of the Latest Practicable Date:

Number	Product	Patent/ Application Number	Patent Type	Patent Applicant/ Holder	Title of Invention	Jurisdiction	Date of Application	Patent Status	Patent Expiration
1	All Products	201610302364.4	Invention	Beijing Zhijingling	An online cognitive assessment method (一種在線認知評估方法)	China	2016-05-09	Granted	2036-05-09
2	All Products	201810111843.7	Invention	Beijing Zhijingling	A type of online cognitive assessment system (一種在線認知評估系統)	China	2016-05-09	Granted	2036-05-09
3	All Products	202110833758.3	Invention	Beijing Zhijingling	Personalized Cognitive Training Task Recommendation Algorithm and System Based on User Ability (基於用戶能力的個性化認知訓練任務推薦算法及系統)	China	2021-07-23	Granted	2041-07-23
4	All Products	202110906058.2	Invention	Beijing Zhijingling	Computerized Social Adaptation Training Method and System (計算機化社會適應訓練方法及系統)	China	2021-08-09	Granted	2041-08-09
5	The System, Quantitative Cognitive Assessment Software for Depression, Depression Treatment Software	202110953462.5	Invention	Beijing Zhijingling	A type of human-computer interface equipment for emotional regulation (一種用於情緒調節的人機交互設備)	China	2021-08-19	Granted	2041-08-19
6	All Products	202111189595.6	Invention	Beijing Zhijingling	A type of human-computer interface method and system for cognitive correction training (一種用於認知矯正訓練的人機交互方法及系統)	China	2021-10-12	Granted	2041-10-12

Number	Product	Patent/ Application Number	Patent Type	Patent Applicant/ Holder	Title of Invention	Jurisdiction	Date of Application	Patent Status	Patent Expiration
7	The System, Quantitative Cognitive Assessment Software for Depression, Depression Treatment Software	202111296685.5	Invention	Beijing Zhijingling	Human-computer interface method and system for cognitive impairment based on emotion monitoring (基於情緒監測的認知障礙人機交互方法及系統)	China	2021-11-03	Granted	2041-11-03
8	All Products	202111344162.3	Invention	Beijing Zhijingling	Multi-scale neural network analysis method and system based on modular dynamic reconfiguration (基於模塊化動態重構的多尺度腦網絡分析方法及系統)	China	2021-11-12	Granted	2041-11-12
9	All Products	202111351103.9	Invention	Beijing Zhijingling	A multidimensional hierarchical drift-diffusion model approach to cognitive decision making (一種面向認知決策的多維分層漂移擴散模型建模方法)	China	2021-11-15	Granted	2041-11-15
10	All Products	202111365418.9	Invention	Beijing Zhijingling	Cognitive decision making evaluation method and system based on multidimensional hierarchical drift diffusion modeling (基於多維分層漂移擴散模型的認知決策評估方法及系統)	China	2021-11-17	Granted	2041-11-17
11	All Products	202111463438.X	Invention	Beijing Zhijingling	Human-computer interaction solution recommendation method and system for cognitive enhancement (用於提升認知的人機交互方案推送方法及系統)	China	2021-12-02	Granted	2041-12-02
12	All Products	202210148357.9	Invention	Beijing Zhijingling	A neuromodulation-based cognitive enhancement training method and system (一種基於神經調控的認知提升訓練方法及系統)	China	2022-02-17	Granted	2042-02-17

Number	Product	Patent/ Application Number	Patent Type	Patent Applicant/ Holder	Title of Invention	Jurisdiction	Date of Application	Patent Status	Patent Expiration
13	All Products	202210745854.7	Invention	Beijing Zhijingling	Cognitive training task recommendation method, system and model construction method based on FTRL modeling (基於FTRL模型的認知訓練任務推送方法、系統及構建方法)	China	2022-06-28	Granted	2042-06-28
14	All Products	202210791199.9	Invention	Beijing Zhijingling	A neural network-based cognitive enhancement method and system (一種基於神經網絡的認知提升方法及系統)	China	2022-07-06	Granted	2042-07-06
15	All Products	202210807025.7	Invention	Beijing Zhijingling	Cognitive assessment enhancement method and system based on personality differences (基於人格差異的認知評估提升方法及系統)	China	2022-07-08	Granted	2042-07-08
16	All Products	202210985424.2	Invention	Beijing Zhijingling	A human-computer interaction method and system for multidimensional assessment of cognitive impairment (一種認知障礙多維評估的人機交互方法及系統)	China	2022-08-17	Pending	NA
17	All Products	202211219111.2	Invention	Beijing Zhijingling	A multimodal cognitive enhancement method and system (一種多模態的認知提升方法及系統)	China	2022-09-30	Granted	2042-09-30
18	All Products	202211219173.3	Invention	Beijing Zhijingling	Deep learning based cognitive assessment method and cognitive task recommendation method (基於深度學習的認知評估方法及認知任務推送方法)	China	2022-09-30	Granted	2042-09-30

Number	Product	Patent/ Application Number	Patent Type	Patent Applicant/ Holder	Title of Invention	Jurisdiction	Date of Application	Patent Status	Patent Expiration
19	All Products	202211387995.2	Invention	Beijing Zhijingling	Irregular training motivation method and system based on personality characteristics of cognitively impaired patients (基於認知障礙患者人格特徵的不定時訓練激勵方法及系統)	China	2022-11-07	Granted	2042-11-07
20	All Products	202211512702.9	Invention	Beijing Zhijingling	Modeling method for cognitive task assessment and cognitive task assessment method and system (用於認知任務測評的建模方法、認知任務測評方法及系統)	China	2022-11-25	Pending	NA
21	The System	202211659784.X	Invention	Beijing Zhijingling	Delusional disorder corrective training system based on TMS technology (基於TMS技術的妄想性精神障礙訓練系統)	China	2022-12-22	Granted	2042-12-22
22	All Products	CN202311080653.0	Invention	Beijing Zhijingling	Multimodal mental health assessment system and method based on interface-style emotional interaction (基於界面式情感交互的多模態心理健康評估系統及方法)	China	2023-8-25	Granted	2043-8-25
23	ADHD Software	CN202311162949.7	Invention	Beijing Zhijingling	A method and system for pushing ADHD training programs based on brain function training (一種基於腦功能訓練的多動症訓練方案推送方法及系統)	China	2023-9-11	Granted	2043-9-11
24	All Products	CN202311267670.5	Invention	Beijing Zhijingling	A method and system for pushing cognitive training tasks based on deep learning (基於深度學習的認知訓練任務推送方法及系統)	China	2023-9-28	Granted	2043-9-28

As of the Latest Practicable Date, we had 30 granted patents and had filed 38 patent applications in relation to the System in China. Our Directors believe that such patent and patent applications have covered all the key characteristics of the System and the possibilities of us failing to operate and commercialize the System in China due to any objection or claim from other market players concerning similar technologies or features underlying their registered patents or patent applications is remote. As of the Latest Practicable Date, to our best knowledge, there was no pending opposition by any third party against, nor any other circumstances which has any material adverse effect on, our patent applications filed in China.

The actual protection provided by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country or region, and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of manufacturing the same. We also have strict data separation policies between production data and testing environment, among data from different projects, and between corporate operations data and business data.

During the Track Record Period and up to the Latest Practicable Date, none of our employees breached the confidentiality obligations under their employment contracts in a material respect. Moreover, during the Track Record Period and up to the Latest Practicable Date, we were not subject to, nor were we a party to, any intellectual property rights infringement claims or litigations and were not aware of any material infringement of our intellectual property rights that had or could have a material adverse effect on our business. We had complied with all applicable intellectual property laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Furthermore, we have engaged an intellectual property legal advisor to conduct an analysis with respect to the Core Product in China pursuant to which no valid patents owned by a third-party have been found that have a significant adverse effect on the freedom of operation of the Core Product in China. The analysis includes search results for the issued invention patents, utility model patents and design patents in China. See "Risk Factors—Risks Relating to Our Intellectual Property Rights—If we and our current or future collaboration partners are unable to protect our intellectual property rights throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us and our ability to successfully commercialize our products and product candidates may be adversely affected."

DATA PRIVACY AND PROTECTION

Our data privacy and protection measures are an integral part of our internal control systems. We have established policies and procedures to ensure that personal information is collected, stored and used securely and that risks to data privacy are identified and addressed. Our Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with all applicable PRC laws and regulations with respect to privacy and personal data protection in all material respects.

Our data privacy and protection measures include security requirements for collecting personal information of users of our System and other products in a manner that is not fraudulent, deceptive or misleading. We limit the amount of personal information collected to what is necessary for our business functions and respect our users' right to choose and obtain their consent before collecting their personal information.

We retain personal information only for the duration of time necessary and take steps to ensure the security of personal information during transmission and storage. We have an access control policy to prevent unauthorized access to personal information, and users have the right to access, correct, delete and withdraw consent for their personal information. We do not disclose personal biometric information, race, ethnicity, political opinions, religious beliefs, or other sensitive personal data analysis results.

We seek to preserve the security of our information technology infrastructure by maintaining physical security of our premises and physical and electronic security of our information technology systems by measures such as installing antivirus software, establishing firewalls, backing up data on a stand-alone workstation with password protection and saving physical copy of data when appropriate.

Engagement of Third Parties

From time to time we engage third-party service providers to process personal information. We require these third parties to comply with our data security and privacy policy. Our policy includes a risk management process to identify and assess potential risks and a security management system to address those risks. We also have a system in place to evaluate the credentials and track record of service providers to reduce non-compliance risks.

Personnel

We have implemented hiring protocols to ensure that only trustworthy individuals are hired and assigned to handle personal information. Our policy outlines the security controls associated with the hiring of personnel, including security responsibilities and standards of conduct for regular employees, outsourced personnel and third-party personnel. All employees are required to undergo appropriate pre-employment screening.

Cybersecurity and AI Compliance

We engaged an independent data security consultant to conduct a review of our data security practices, which found that (i) we have adopted multi-dimensional and multi-level data compliance measures for our business and products operated in China in accordance with the requirements of the laws on cybersecurity and data compliance in China and (ii) our principal business is not based on the illegal collection, use or provision of data to the public, and there is no fundamental defect that would be unsustainable or impossible to correct as a result of a violation of laws and regulations relating to cybersecurity, data security and personal data.

In addition, as confirmed by our independent data security consultant, during the Track Record Period and up to the Latest Practicable Date, we were in compliance, in all material respects, with all applicable PRC laws and regulations relating to privacy and data protection. However, the PRC privacy and data protection regulatory regime is relatively new, the interpretation and application of relevant laws and regulations are evolving and new laws and regulations in this area may be promulgated in the future that could affect us. Any inability to adequately address patient privacy concerns or to comply with applicable laws and regulations could result in additional costs and liabilities for us, damage our reputation and harm our business.

For example, while we have implemented a variety of compliance measures to protect our proprietary information and patient privacy, data breaches may occur due to human error, employee misconduct or system failure. In addition, we work with third parties for our clinical trials. Any breach or misuse of patient and customer data by our third party partners may be perceived by patients and customers as a result of our failure. For more detail, see "Risk Factors—Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our products and could subject us to significant legal, financial, and operational consequences."

According to our data security consultant, the confirmation of compliance with data privacy and protection laws and regulations have taken into account the technologies that are in-licensed in addition to those developed in-house. In addition, the compliance confirmation extends to all applicable local laws and regulations in the PRC, the sole jurisdiction where we collect data.

Our Data Security Compliance Measures

We have implemented multi-dimensional and multi-stage data security protection measures in accordance with the requirements of cybersecurity, data security and personal information protection laws of the PRC for various businesses and products.

Organizational

We have established a Cybersecurity and Data Compliance Committee, which is responsible for managing cybersecurity, data security and personal information protection comprehensively. This includes the formulation of overall cybersecurity and data compliance strategies, work plans and decision-making on major issues. The Cybersecurity and Data Compliance Committee has working groups responsible for carrying out the daily tasks related to cybersecurity, data security and personal information protection. This includes implementing compliance requirements, supporting daily business processes of business departments and conducting data compliance assessments. We have appointed a Cybersecurity and Data Compliance Officer, who is also our Chief Security Officer.

Policy and Procedure

We have established a cybersecurity management system, a data protection system and a personal information protection system. These include the Information Security Management System, the Data Security Management System, the User Personal Information Security Management System, the Account Management and Access Control System and the Employee Information Security Training System, among others. We have also required our employees to adhere to relevant systems and rules.

Technical

We have elected to utilize reliable cloud services and implemented data security measures such as network isolation, classification, backup, encryption, identity authentication, access control and log auditing. When processing sensitive personal information and important data, we have put in place stricter security measures, such as encryption requirements and elevated approval levels, to ensure protection against interference, disruption, unauthorized access, data leakage, tampering and loss.

Personnel Management

We have required the establishment of personal information access permissions as outlined in the User Personal Information Security Management System. We have also signed confidentiality agreements with all employees and, additionally, signed Key Position Security Responsibility Agreements with key personnel. In addition, regular data security training and assessments are conducted for employees.

Certification

The core business system that supports our business operations and products (including our Core Product the System as well as our other products such as BCAT and SAS) has been filed for Graded Cybersecurity Protection and been evaluated. We have also obtained certifications such as ISO27001 for our Information Security Management System, ISO27701 for our Privacy Information Management System, and ISO20000 for our IT Service Management System.

Assessment and Audit

We have conducted personal information protection impact assessment ("**PIA**") and generated relevant reports. In accordance with the latest legal requirements, we have developed templates for PIA, making clear that a PIA shall be conducted in circumstances such as processing sensitive personal information, using personal information for automated decision-making, entrusting personal information processing, providing personal information to other personal information processors and publicly disclosing personal information. We have also established a template for personal information protection compliance audits and plan to conduct regular compliance audits of its processing of personal information once regulatory authorities clarify the audit standards and procedures.

Transparency, Legal Basis and User Rights Protection

We are entrusted by processors such as medical and research institutions to process, among others, the patients' and medical professionals' identity, education, healthcare, network behavior and location information. We inform patient and medical professional users of the rules for processing information through privacy policies, the terms of instant notification on pages or otherwise and obtain users' consent through the initial privacy pop-up window. As for clinical trial scenarios, we have formulated the Key Points for Auditing Data Compliance of Informed Consent Form for Clinical Trials ("**Key Points**") and, based on the Key Points, reviewed the informed consent form template provided by the research institution. We have established a process to protect the rights of information owners in our personal information processing activities, and we publish the contact information of the person responsible for personal information protection in our Privacy Policy to enable us to respond promptly and effectively to requests from individuals or to assist data processors, including medical and research institutions, to respond promptly and effectively to such requests.

Our Compliance with Relevant Regulations on AI Algorithms

Our independent data security consultant conducted a comprehensive analysis of our compliance with relevant regulations on AI algorithms, data input and output and risks of wrongful use of the System to gather personal data.

Our products use DNN algorithm to dynamically recommend training tasks. At the same time, virtual human technology is used to provide users with evaluation and guidance services. We have established an algorithm governance and supervision department and published a description of our algorithms and their training task recommendation function to inform users of the basic principles, purpose and main operating mechanism of our algorithms as well as the available complaint and feedback channels. We have consulted with the algorithm filing window of the Cyberspace Administration of China ("**CAC**") and determined that algorithm filing is not required for our service because we provide our products to medical institutions and, while patients can continue to use our products at home after initially using them in hospitals as an extension of in-hospital services, our products are not openly available for download or use by the general public on the internet. In addition, we have added an "AI Generated" logo to the virtual human interaction interface to inform users of the active use of deep synthesis technology. For details of the relevant regulations, see "Regulatory Overview—PRC Regulatory Overview—Regulation Relating to Cybersecurity and Artificial Intelligence."

Our Compliance with Relevant Regulation on Data Input and Output

The collection and transfer of data is subject to various regulatory restrictions in the PRC. At present, we do not harvest data from third parties or use tools such as web crawlers to obtain data from the internet. In our data collection process, we do not engage in activities that compromise network security, such as illegally intruding into other networks or stealing network data. Our activities regarding the handling of personal information in various businesses and products are in accordance with the basic principles set forth in the Personal Information Protection Act (《個人信息保護法》). We inform users of the rules for handling personal information and the circumstances under which their personal information may be shared with third parties through our privacy policy, on-screen notices, and terms and conditions. We obtain user consent for data collection and handling through an initial privacy pop-up. The pop-up notice provides the reasons for the need to share the information with third parties. In addition, we provide the appropriate informed consent disclosures for our clinical trial and review any informed consent templates provided by research institutions.

To ensure the security of personal information, we have an information security verification mechanism for onboarding our suppliers. We have committed to verifying the legitimacy and data security capabilities of third parties before entrusting them with the processing of personal information and sign data entrustment agreements with them.

We engage in the co-processing of patients' basic personal information and clinical trial data with various research institutions in clinical trials where we are the sponsor. We also share patients' training and evaluation data with medical institutions in collaborative research and development projects. We have implemented internal systems and procedures for cybersecurity, data security and the protection of personal information. Our collaborators' joint processing of data is subject to the requirements of these internal systems. In addition, we enter into cooperation agreements with co-processors to ensure alignment with our respective requirements regarding privacy rights and obligations.

We have implemented various security measures to protect our network and our users' personal information, and to ensure the integrity and accuracy of the information we collect. These measures include the establishment of internal security management systems and operating procedures such as information security management, data security management, personal information security management, and account management. We have also appointed a person responsible for cybersecurity to oversee the protection of our cybersecurity and to prevent security breaches through technical measures such as network segregation, identity authentication, and security audits.

In addition, we have established procedures for responding to requests for personal information and have disclosed users' rights regarding personal information in our privacy policy. Users have the right to access, copy, correct, supplement, delete and withdraw consent for personal information. In order to respond to requests for personal information in a timely and effective manner, we have published the contact information of the person responsible for the protection personal information protection in our Privacy Policy. This ensures that users' personal information rights are protected and that their rights and interests are not adversely affected by inaccurate or incomplete information. For details of the relevant regulations, see "Regulatory Overview—PRC Regulatory Overview—Regulation Relating to Cybersecurity and Artificial Intelligence."

Prevention of Wrongful Use of the System to Gather Personal Data

We protect the personal data collected by us, including through the System, by implementing various data security measures such as network segregation, classification and rating, backup, encryption, identity authentication, access control and log auditing. We process personal information only for the purposes and to the extent required by law or agreed upon with the relevant data subject or the entrusting party, and we have a mechanism for responding to user complaints and suggestions. We also assist our data processors in complying with relevant PRC legal and regulatory obligations to protect personal information. For details of the relevant regulations, see "Regulatory Overview—PRC Regulatory Overview—Regulation Relating to Cybersecurity and Artificial Intelligence."

PERMITS, LICENSES AND OTHER APPROVALS

We are required to obtain and renew certain certificates, permits and licenses for providing our services. See "Regulatory Overview" for more information about the material certificates, permits and licenses required for our business operations in the PRC, United States and other countries. During the Track Record Period and as of the Latest Practicable Date, we obtained all requisite certificates, permits and licenses that are material for our operation, and all of such certificates, permits and licenses are valid and up-to-date to the extent that they are still needed. We did not experience any material difficulties in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date, and do not expect to face any material difficulties in renewing them upon their expiry, if applicable.

We assess the risks of revocation of medical device registration certificate of the System primarily by referring to the relevant provisions on suspension and revocation of such certificates in the Rules on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》the "**Rules**"). To address such risks, we have established a strict product quality management system throughout the product lifecycle in accordance with the Rules and relevant guidelines, such as the Good Manufacturing Practice for Medical Devices (《醫療器械生產質量管理規範》), Good Quality Management Practice for Medical Device Operation (《醫療器械經營質量管理規範》), Appendix to Good Manufacturing Practices for Standalone Software as Medical Devices (《醫療器械生產質量管理規範附錄-獨立軟件》), as well as relevant industry standards such as the ISO13485-2016. As part of our quality management system, we have established good record keeping practices to ensure that the necessary records are made and archived in accordance with the above rules, guidance's and standards to ensure full lifecycle quality management and traceability of our registered products. In addition, the quality management of all our registered products is subject to annual internal audit and management review. As of the Latest Practicable Date, we had not had any incidents of non-compliance in this regard.

Based on the above review and analysis, our Directors are of the view that, as of the Latest Practicable Date, the risk of revocation of the registration certificates of our System and our other products is remote.

The following table sets forth a summary of the key licenses, permits and certificates that we hold as of the Latest Practicable Date.

Holder	Certificate Name	Issue Authority	Certificate Number	Valid Period
Changsha Zhijingling	Class II medical device registration certificate on Brain Function Information Management Platform Software System	Hunan MPA	20182210142	2018 Certificate and 2020 Amended Certificate: September 2018 to September 2023; 2023 Renewed Certificate: September 2023 to September 2028
Changsha Zhijingling	Class II medical device registration certificate on Cognitive Ability Supplemental Screening and Assessment Software	Hunan MPA	20222212193	December 2022 to December 2027

Holder	Certificate Name	Issue Authority	Certificate Number	Valid Period
Changsha Zhijingling	Class II medical device registration certificate on Basic Cognitive Ability Testing Software	Hunan MPA	20222211862	October 2022 to October 2027
Changsha Zhijingling	Class II medical device manufacturing license on Data processing and in vitro diagnostic software	Hunan MPA	20180031	July 2021 to July 2026
Beijing Zhijingling	Class II medical device business record certificate on Medical Software and Medical monitoring equipment	Beijing Municipal Administration for Market Regulation	20220263	NA
Changsha Zhijingling	Class II medical device registration certificate on Dyslexia Supplemental Screening and Assessment Software	Hunan MPA	20232210892	September 2023 to September 2028

During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for any non-compliance relating to our material certificates, permits and licenses.

ENVIRONMENTAL, WORKPLACE SAFETY AND SOCIAL RESPONSIBILITY MATTERS

Environmental, Social and Governance Matters

The current nature of our business does not expose us to a substantial risk of environmental, health or work safety matters, including climate-related matters, and we do not expect the potential risks of such matters will have a material adverse impact on our business, strategy and financial performance.

Our Board believes our continued growth rests on integrating social values into our business, and thus we will establish an ESG committee of the Board ("**ESG Committee**") at [**REDACTED**] that is responsible for evaluating and managing material ESG issues, such as waste management and recycling efforts, energy consumption, pollutants/green house gas emissions and reporting. Our ESG Committee of the Board is led by Dr. Wang, along with our administrative department, to oversee the implementation of our policies relating to material

ESG issues by taking into consideration any metrics and targets stipulated in applicable laws, regulations and industry standards, including pollutants/greenhouse gas emissions, water and electricity consumption, among others. We also plan to follow the principles below:

- We strictly comply with all applicable laws and regulations for ESG matters.
- We plan to hold periodically training sessions to improve employee awareness and equip them with the sustainable and environmental friendly techniques and knowledge.

ESG Governance and Risk Identification

Our Board (as represented by the ESG Committee to be established at [**REDACTED**]) is the highest decision-making authority within our Company on ESG related matters, and is responsible for setting the overall ESG goals and strategies. Our Board evaluates the ESG related risks we face and create ESG risk management and internal monitoring mechanisms to mitigate such risks. We have also established an ESG working group comprising heads of our internal business departments, which shall be responsible for the on-the-ground execution of the strategies set by the Board, and be subject to the supervision of the Board.

As a critical part of our ESG governance, we have identified key stakeholders of our business, including investors, regulators, patients/users, employees, suppliers, the environment, and the communities in which we operate. The Board and ESG working group regularly convene to discuss key ESG related topics and identify whether we are subject to any risks, challenges and opportunities in the following aspects.

Environment	**Society**	**Corporate Governance**
• Energy consumption;	• Product innovation;	• Data security;
• Use of renewable energy;	• Product liabilities;	• Information disclosure;
	• Intellectual property protection;	• Anti-bribery and anti-fraud management;
	• Patient privacy protection;	• Related party transaction management;
	• Employee health and safety;	• Internal audit;
	• Compensation and labor policies.	• Insider trading;
		• Risk and compliance management.

Our Board priorities the above risks based on their nature and severity, and timely adjust our strategies in response.

Responses to the Identified Risks

To respond to the abovementioned risks, our Board has designed the following internal monitoring and management policies.

Internal Control

We have established comprehensive financial management and internal audit policies and procedures to make sure our financial records are reliable and accurate. We also created risk management policies which provides the detailed procedures on how to prevent, control and mitigate risk events before, during and after the fact, with emphasis on risk prevention. We have also designated personnel to handle information disclosure to ensure our stakeholders can timely receive accurate and reliable information about our Group.

We also have strict and comprehensive policies to prevent commercial bribery and fraud. Our policies clearly set forth the code of professional conducts by which all of our employees are required to strictly abide. Under our anti-bribery and anti-fraud policies, prohibited activities include but are not limited to receiving kickbacks, paying brides or incurring excessive business development expenses, and misappropriating properties and resources of our Company. We have also opened an internal reporting and escalation mechanism to encourage employees to report any suspicious activities and have put in place whistleblower protection mechanism that forbids and prevents retaliation against those who made the reports.

Product Innovation

We have established comprehensive quality management system to govern each step of the R&D of the System and other products to ensure compliance with GMP standards and other applicable laws and regulations. See "Regulatory Overview—PRC Regulatory Overview—Regulation Relating to Medical Devices" for details on the relevant laws and regulations on medical device R&D. We have established an R&D service platform which serves the whole R&D cycle covering product design, development, quality control, provides training to relevant personnel, and records and revolves issues faced by R&D personnel. We also organize routine trainings to our personnel on intellectual property protection to improve their awareness of protecting our own intellectual properties and avoiding infringement on others' intellectual properties throughout our R&D process.

Product Quality

We have adopted four types of files and documents on product quality: quality standard files, procedural files, quality Standard Operating Procedure ("**SOP**") files, and quality record files. As of the Latest Practicable Date, we had instituted more than 140 files of the above types, and routinely update them based on latest regulatory requirements.

We have also created a comprehensive GMP management system covering personnel, facilities, and documents. To ensure compliance during product design and development, we have instituted design and development control system, configuration management control system and risk management control system, and engaged professional third-party quality assessment institutions to monitor our execution of these systems. We also have a control mechanism to handle adverse quality related events so that our products can be timely recalled when necessary. As of the Latest Practicable Date, no such adverse events had occurred. We also instituted traceability control, software traceability analysis control and UDI (unique device identification) systems to ensure traceability of our product throughout the product lifecycle.

We also organize routine mandatory trainings on quality management for relevant personnel in quality control, R&D, human resources, and sales and marketing departments, among others.

Data Security and Protection

Data security is a fundamental issue for our business operations, including the security of patient and user information, usage data, research data, business generated data, system configuration data, and technical codes. The goal of our data privacy and protection mechanism is to avoid attacks, losses, leakages or unauthorized alterations of information under our custody. To that end, we have established the information security committee which generally oversees all data privacy matters. Our information technology department is in charge of carrying out the directives from the information security committee, and comprises personnel with DPO, DSG, CISSP and ISO27001 professional credentials. We have put in place over 20 internal information security and protection policies, and have deployed various cloud server security systems, terminal security system, web application firewalls, among other tools to enhance our cybersecurity throughout the data collection, transmission, storage and usage processes. Our security network has passed Level III certification in China, as well as ISO27001, ISO27701 and ISO20000 certifications internationally. See "—Data Privacy and Protection" on further details of our policies and procedures regarding data privacy and security.

Employment Practice

We have created human resources policies that govern our practices on recruitment, personnel management, compensation and benefits, and employee professional development. Our policies strictly forbid discrimination based on gender, ethnicity, race, nationality, age, religious belief, or familial status, as well as other unlawful employment practices such as use of forced and/or underage labor. We offer competitive vacation and benefit packages to ensure healthy and balanced development of our employees. We also provide employees trainings on our corporate culture, professional capabilities and corporate strategies to improve employee productivity and satisfy their need for professional development.

Hazardous Waste Discharge and Resource Consumption

We have not historically discharged hazardous waste or has had material amounts of gas emissions. While we do not consume a large amount and variety of natural resources due to the nature of our business operations, we are mindful of and closely monitor the environmental impact that may be caused by our business operations. In 2022 and 2023, we consumed 98 and 782 tons of water, respectively, and 161 and 169.4 megawatt-hour (MWh) of electricity, respectively. We intend to continue to improve the efficiency of our energy use, reduce our carbon footprint and achieve sustainability.

We have implemented several measures to reduce electricity consumption. First, we prioritize the use of natural light whenever possible and have a "use as needed" policy for lights during off-peak hours. We also encourage employees to turn off computer screens when not in use and ensure that computers are turned off after meetings. In addition, we have strict temperature controls for air conditioning, regularly clean air conditioning filters, and close doors and windows when using air conditioning. In addition, we have established a responsibility system whereby the last employee to leave the office is responsible for turning off the lights and air conditioning. Failure to do so may result in fines.

To reduce water consumption, we have implemented a water conservation policy that requires employees to use low flow rates for hand washing. We also prioritize the prompt reporting of leaks or seepage from faucets and water pipes to allow for timely repairs.

We monitor our KPIs of monthly electricity and water consumption and will adjust our conservation policies to most effectively manage and reduce our environmental impact while ensuring operational efficiency and compliance.

Social Responsibility

We are highly committed to fulfilling our social responsibilities and giving back to the communities in which we operate. In September 2022, we supported a public interest event on Alzheimer's disease where we offered free online and offline consultations, health screenings, and livestreaming sessions on Alzheimer's disease.

We also maintain a WeChat public account which routinely share scientific, health and medical information on brain sciences and cognitive health.

Occupational Health and Safety

We have endeavored to provide a safe work environment by implementing company-wide self-protection policies for employees to either work remotely or on-site with protective masks and sanitization. To the best knowledge of our Directors and as Latest Practicable Date, we have not had any workplace accidents. During the Track Record Period and as of the Latest Practicable Date, we have not been imposed by regulatory authorities with any significant penalties related to environmental and workplace safety.

In setting targets for the ESG-related KPIs, we have taken into account our respective historical consumption or discharge levels during the Track Record Period and have considered our future business expansion in a thorough and prudent manner with a view of balancing business growth and environmental protection to achieve sustainable development.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we are not a party to, and we are not aware of any threat of, any legal, arbitral or administrative proceeding, which, in our opinion, is likely to have a material and adverse effect on our business, financial conditions or results of operation. Our PRC Legal Advisor is of the opinion that, having reviewed the relevant information and documents we provided, our business was in compliance with the applicable laws and regulations of the PRC in all material aspects during the Track Record Period and up to the Latest Practicable Date. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business, and we intend to maintain this culture through the strict implementation of our risk management and internal control policies. See "—Risk Management and Internal Control."

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in general market conditions and the regulatory environment of the Chinese and global DTx markets, our ability to develop, manufacture and commercialize our products, and our ability to compete with other DTx products. See "Risk Factors" for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to credit, liquidity and currency risks that arise in the normal course of our business. See Note 33 to the Accountants' Report included in Appendix I to this Document for details regarding these risks. We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. The following key principles outline our approach to risk management:

- The relevant departments in our Company, including but not limited to the finance department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. Each department is responsible for identifying and evaluating risks associated with its working scope. In order to standardize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) identify the source of the risks and potential impact, (ii) monitor the development of such risks, and (iii) prepare risk management reports periodically for our management's review.

- Our internal control department will coordinate, oversee and manage the overall risks associated with our business operations and quality control mainly including (i) reviewing our corporate risk in light of our corporate risk tolerance, (ii) maintaining a key risk list and leading corresponding risk management activities, and (iii) organizing revision and update of the key risk list. Our management and internal control department will be responsible for carrying out the risk prevention and management activities with relevant department, internal audit department and security department will conduct irregular reviews.

- Our management will be responsible for (i) reviewing the risk management information collected by our internal control department every six months, (ii) reviewing annual risk management report of our Company, and (iii) overseeing internal control department and conducting annual risk evaluations.

Internal Control

Our Board of Directors is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder's investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, protection of intellectual property, environmental protection and occupational health and safety. For more information, see "—Intellectual Property" and "—Environmental, Workplace Safety and Social Responsibility Matters." We plan to provide periodic training about these measures and procedures to our employees as part of our employee training program. Our internal audit department conducts audit field work to monitor the implementation of our internal control policies, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the [**REDACTED**].

- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors, and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged SPDB International Capital Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first fiscal year after the [**REDACTED**] regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of funding complies with the section headed "Future Plans and Use of [**REDACTED**]" in this Document after the [**REDACTED**], as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to engage a PRC law firm to advise us on and keep us abreast with PRC laws and regulations after the [**REDACTED**]. We will continue to arrange various trainings to be provided by external legal advisers from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations.

- We plan to seek advice from law firms in the United States, the European Union and other jurisdictions where we currently operate or may operate in the future to keep us abreast of applicable local laws and regulations after the [**REDACTED**]. We will continue to arrange various trainings to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest laws and regulations in the jurisdictions in which we currently operate or may operate in the future.

- We maintain strict confidentiality and privacy policies regarding the collection, analysis, storage and transmission of the data of our subjects and clinical trial results. Our project manager and data manager prepare and review study protocols to ensure compliance with GCP requirements, including confidentiality and privacy requirements. We will monitor project progress continuously against the guidelines of ICH GCP and China GCP and make corrections as needed. Our IT team are responsible for, from technical perspective, ensuring the usage, maintenance and protection of preclinical and clinical data to comply with our internal policies and applicable laws and regulations.

In addition the above policies, we have put in place the following measures for preventing or detecting the occurrence of any illegal activities and ensuring the completeness and accuracy of our books and records. The Directors are of the view, and the Joint Sponsors concur, that, based on the review of the internal control consultant, these measures are adequate and effective for achieving their intended goals.

Company Level Measures

At the company level, we have formulated and issued management policies such as the Anti-Corruption and Anti-Bribery Policy, the Anti-Fraud Policy, and the Anti-Money Laundering Policy, which stipulate that we prohibit bribery, corruption, and other non-compliant activities in the course of our production, operations, and management. The policies

also provide a mechanism for identifying and reporting suspicious transactions, clarify the monitoring mechanism and accountability for anti-fraud efforts, and establish a mailbox for filing related complaints or whistleblowing reports.

In addition, our employment contracts clearly state the various standards of professional ethics and codes of conduct with which employees must comply. Our employee handbooks require employees to strictly comply with the relevant sections of our Anti-Corruption and Anti-Bribery Policy, Anti-Fraud Policy and Anti-Money Laundering Policy. Employees are also required to attend annual ethics training.

Process Level Measures

At the business process level, we have formulated relevant management systems and adopted internal control measures such as approval processes, privileges and system controls as follows.

Procurement Management

We have formulated a Procurement Management Policy, which specifies the approval process and approval privileges for our procurement process. The relevant approval process and privilege allocation are carried out in Ding Talk, the enterprise intelligent mobile office platform we have adopted.

Contract Management

The approval process for our prospective contracts is embedded within the Ding Talk system, and the relevant employees submit the prospective contract for approval through this system. Depending on factors such as contract type and contract amount, the prospective contract is flagged for approval by the legal staff, finance manager, finance director or general manager according to their respective approval privileges.

Expense Reimbursement

Our expense reimbursement system governs the reimbursement standard, pre-approval request processes and reimbursement approval privileges. After we organize promotional efforts and related conferences and activities, the relevant operational staff will request for Company payment or expense reimbursement through internal automated system. Based on the monetary amount, the request will be matched with the appropriate approval process. Once the request is approved and the payment is made, the amount is credited to sales expenses. Our Expense Reimbursement Policy stipulates that the accounting staff are responsible for the authenticity, legality, completeness and accuracy of the financial expense records.

Accounting

We have clarified our expense accounting rules. Our accounting staff collect the relevant expense documentation and prepare accounting vouchers in our accounting system, which are reviewed by our finance manager. The approved accounting information is recorded in accordance with our accounting policies.

Risk Assessment Measures

With respect to risk assessment, our risk management and financial internal control policies set forth the overarching requirements and allocation of responsibilities for internal control, compliance and risk management. These policies also specify the relevant risk management and financial internal control priorities and clarify the requirements for monitoring, evaluation and continuing improvement. In addition, these policies incorporate the results of the assessment of internal control, compliance and risk management into the annual performance evaluation.

Hospital Sales and Marketing Arrangement Measures

We enter into the corresponding collaboration agreements when we help hospitals establish cognitive centers. In some cases, the Operational Service Provider introduced the System to hospitals under its pre-existing cooperation with the hospitals. See "—Sales and Marketing—Our Marketing Model—Collaborations with Top Hospitals and Research Institutions" for detailed terms of the cognitive center cooperations with hospitals as well as the relevant rationale and arrangements with the Operational Service Provider.

We have established a Sales and Collections Management Policy that covers the selection of new customers, the establishment of a customer credit rating mechanism, the sales pricing process, sales plan management, sales data management, subscription management and account reconciliation management.

Regarding sales and marketing arrangements with hospitals, the primary internal control measures are as follows:

1. For the cognitive centers where the Operational Service Provider was involved, we strengthened internal control and management primarily through the Sales and Collection Management Policy and the relevant agreements with the Operational Service Provider.

2. For the cognitive center cooperation agreements signed directly between us and hospitals without the involvement of the Operational Service Provider, we strengthened internal control management primarily through the Sales and Collection Management Policy and the cognitive center cooperation agreement with the hospitals. The cognitive center cooperation agreement between us and the hospital clearly specifies the rights and obligations of each party, the fees for service items and the liability for breach of contract.

Continuous Monitoring Measures

In terms of continuous monitoring, we have full-time internal auditors to monitor our compliance of the above policies and measures, and clarified the internal audit mechanism and responsibilities. The staff in charge of internal audit reports to the Board of Directors. In addition, we regularly conduct internal audit supervision.

Investment Risk Management

We engage in short-term investments with surplus cash on hand. Our investment portfolio primarily consisted of time deposits and wealth management products. Our primary objective of short-term investment is to preserve principal and increase liquidity without significantly increasing risks. Under the supervision of our Chief Financial Officer, our finance department is responsible for managing our short-term investment activities. Before making any investment proposal, our finance department will assess our cash flow levels, operational needs and capital expenditures. Our investment policy provides the guidelines and specific instructions on the investment of our funds.

Our investment strategy aims to minimize risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs. We make our investment decisions on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions and the expected profit or potential loss of the investment. Our portfolio to date has been required to hold only instruments with an effective final maturity of 12 months or less, with effective final maturity being defined as the obligation of the issuer to repay principal and interest.

We believe that our internal investment policies and the related risk management mechanism are adequate. We may invest in wealth management products and time deposits in consistent with our investment policy, after consultation with and approval by our Board on an as-need basis where we believe it is prudent to do so after the [**REDACTED**].

AWARDS AND RECOGNITIONS

The table below sets forth a summary of the major awards and recognition that our Company had received as of the Latest Practicable Date.

Time	Awards	Awarding Organization/Authority
2011	Ministry of Education and Ministry of Science and Technology "Chunhui Cup Overseas Educated Personnel Innovation and Entrepreneurship Competition Top Prize" (教育部和科技部"春暉杯"留學人員創新創業大賽優勝獎)	Department of International Cooperation and Exchange, Ministry of Education (教育部國際合作與交流司)
2012	Nanjing's "Introduction Program for Leading Scientific and Technological Entrepreneurial Talents" (南京"領軍型科技創業人才")	Nanjing Leading Science and Technology Entrepreneurial Talents Introduction Program Special Office (南京領軍型科技創業人才引進計劃專項辦公室)
2014	Winner of Jiangsu Small and Medium-sized Enterprises Innovation and Entrepreneurship Competition (江蘇中小企業創新創業大賽優勝獎)	Jiangsu Province Economic and Information Technology Commission and Small and Medium Enterprises Bureau of Jiangsu Province (江蘇省經濟和信息化委員會和江蘇省中小企業局)
2015	Second-class prize of Jiangsu Medical Science and Technology Award (江蘇醫學科技獎二等獎)	Jiangsu Medical Association (江蘇省醫學會)
2015	Selected as "Specialized, Specialized and New" Small and Medium-sized Enterprises in Nanjing (南京市"專精特新"中小企業入庫項目)	Nanjing Economic and Information Technology Commission (南京市經濟和信息化委員會)
2016	Runner-up of BETAPITCH International Entrepreneurship Challenge Nanjing Station (BETAPITCH太庫國際創業挑戰賽亞軍)	TechCode and Betapitch Global betahaus (Techcode組委會與Betapitch全球組委會)
2017	Gold Award for the Rehabilitation Industry's Most Popular Enterprise (2017康復界風雲企業金獎)	ISPRMDC and IHF (ISPRMDC組委會與IHF國際健康基金機構)

Time	Awards	Awarding Organization/Authority
2017	Third Prize of Chinese Medical Science and Technology Award (中華醫學科技獎三等獎)	Chinese Medical Association (中華醫學會)
2022	Beijing Specialized and New SMEs (北京市"專精特新"中小企業證書)	Beijing Municipal Bureau of Economy and Information Technology (北京市經濟和信息化局)
2023	Award for Outstanding Achievements in Scientific Research in Colleges and Universities (Second Prize) (高等學校科學研究優秀成果獎(科學技術)二等獎)	Ministry of Education (教育部)
2023	Beijing Artificial Intelligence Industry Enabling Typical Cases (2023) (北京市人工智能行業賦能典型案例(2023))	Organizing Committee of the Artificial Intelligence Summit at the 2023 Global Digital Economy Conference (2023全球數字經濟大會人工智能高峰論壇組委會)
2023	Chinese Medical Science and Technology Award-First Place (中華醫學科技獎-一等獎)	Chinese Medical Association (中華醫學會)
2023	2023 Typical Case of Artificial Intelligence Integrated Development and Security Application (人工智能融合發展與安全應用典型案例(2023))	National Industrial Information Security Development Research Center (國家工業信息安全發展研究中心)
2024	2024 Beijing Artificial Intelligence Industry Enabling Typical Cases (2024北京市人工智能行業賦能典型案例)	Organizing Committee of the Artificial Intelligence Summit at the 2024 Global Digital Economy Conference (2024全球數字經濟大會人工智能高峰論壇組委會)
2024	Global Cognitive Impairment Digital Therapeutics Innovation Award (全球認知障礙數字療法創新獎)	Frost & Sullivan
2024	2024 Digital Health New Quality Productivity Innovation Cases at the World Digital Therapeutics Conference 2024 (2024世界數字療法大會數字健康新質生產力創新案例)	VBDATA.CN