This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors" of this document. In particular, we are a biotechnology company seeking to* [**REDACTED**] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rules 8.05(1), (2) and (3) of the Listing Rules. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are a pioneer and leader in China's cognitive impairment digital therapeutics (**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. We are also the largest company in China in terms of revenue in 2022 from commercialization of medical-grade cognitive impairment DTx products, 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, the Brain Function Information Management Platform Software System (the "**System**"), 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 our 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 leading market position and recognized expertise in DTx research and development have created high entry barriers for potential competitors.

We are a commercial stage company with a proven commercialization track record. Our System enjoys the largest market share in China in terms of revenue in 2022 among medical-grade cognitive impairment DTx products, according to Frost & Sullivan. 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 sponsor of a project initiated by the NHC, according to Frost & Sullivan, under which we are tasked with helping hospitals establish cognitive centers in over 2,100 public hospitals across China and promoting the development of cognitive impairment DTx market in China. We are committed to becoming a leader in the global DTx market by transforming achievements in the brain scientific research to DTx products that benefit cognitive impairment patients globally.

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 an additional 21 cognitive impairment indications as of the Latest Practicable Date. We had have three other products with regulatory approvals, and six product candidates under different stages of preclinical and clinical development as of the Latest Practicable Date. We enjoy global rights with respect to our products and product candidates.

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 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				China
		Aphasia	Assessment + Intervention				China
		Atrial fibrillation induced cognitive impairment	Assessment + Intervention		2024 H2 Clinical Trial Completion	2025	China
		Hypertension induced cognitive impairment	Assessment + Intervention		2024 H2 Clinical Trial Completion	2025	China
		Coronary heart disease induced cognitive impairment	Assessment + Intervention		2024 H2 Clinical Trial Completion	2025	China
		Post-cardiac surgery rehabilitation	Assessment + Intervention		2024 H1 Clinical Trial Initiation	2026	China
		Heart failure induced cognitive impairment	Assessment + Intervention		2026 Clinical Trial Initiation	2027	China
	Neurodegenerative disease induced cognitive impairment	Alzheimer's disease	Assessment + Intervention				China
		Amnestic mild cognitive impairment	Assessment + Intervention		2023 H2 Clinical Trial Completion	2024	China
		Parkinson's disease	Assessment + Intervention		2026 Clinical Trial Initiation	2027	China
	Psychiatric disorder induced cognitive impairment	Depression	Assessment + Intervention				China
		Schizophrenia	Assessment + Intervention				China
		Sleep disorders	Assessment + Intervention				China
		Anxiety	Assessment + Intervention		2024 H1 Clinical Trial Initiation	Late 2025	China

Product	Disease Area	Indication	Assessment/ Intervention	Phase				Upcoming Milestone	Estimated Time of Commercialization	Commercialization Country/Region
				Preclinical	Clinical Trial	Registration	Commercialization			
	Child development deficiency induced cognitive impairment	Attention deficit hyperactive disorder	Assessment + Intervention							China
		Autism	Assessment + Intervention							China
		Language delay	Assessment + Intervention					2025 Clinical Trial Initiation	2026	China
		Cerebral palsy	Assessment + Intervention					2025 Clinical Trial Initiation	2026	China
		Dyslexia	Intervention					2024 H1 Clinical Trial Initiation	2025	China
	Other disorders	Epilepsy	Assessment + Intervention					2025 Clinical Trial Initiation	2026	China
		Bone fracture induced pain	Assessment + Intervention					2024 H1 Clinical Trial Initiation	2026	China
		Diabetes	Assessment + Intervention					2024 H1 Clinical Trial Initiation	2026	China
		Phenylketonuria induced cognitive impairment	Assessment + Intervention					2026 Clinical Trial Initiation	2027	China
		Kidney disease induced cognitive impairment	Assessment + Intervention					2025 Clinical Trial Initiation	2026	China
		Multiple sclerosis	Assessment + Intervention					2025 Clinical Trial Initiation	2026	China
		Hepatic encephalopathy	Assessment + Intervention					2025 Clinical Trial Initiation	2026	China
		Post-breast cancer surgery rehabilitation	Assessment + Intervention					2025 Clinical Trial Initiation	2027	China
		Post-lung cancer surgery rehabilitation	Assessment + Intervention					2025 Clinical Trial Initiation	2027	China
		Drug addiction	Assessment + Intervention					2025 Clinical Trial Initiation	2027	China

Product	Disease Area	Indication	Assessment/ Intervention	Phase				Upcoming Milestone	Estimated Time of Commercialization	Commercialization Country/Region
				Preclinical	Clinical Trial	Registration	Commercialization			
Basic Cognitive Ability Testing Software		Cognitive impairment	Assessment							China
Cognitive Ability Supplemental Screening and Assessment Software		Cognitive impairment	Assessment							China
Dyslexia Supplemental Screening and Assessment Software	Child development deficiency induced cognitive impairment	Dyslexia	Assessment					2023 H2 Registration Approval	2024	China
Covid-19 Induced Cognitive Impairment Assessment and Recovery Training Software	Other disorders	Covid-19 induced cognitive impairment	Assessment + Intervention					2023 H2 Clinical Trial Completion	2024	China
Attention Deficit Hyperactivity Disorder Assessment and Treatment Software	Child development deficiency induced cognitive impairment	Attention deficit hyperactivity disorder	Assessment + Intervention					2023 H2 Clinical Trial Initiation	2025	China
Quantitative Cognitive Assessment Software for Depression	Psychiatric disorders	Depression	Assessment					2023 H2 Clinical Trial Initiation	2025	China
Depression Treatment Software	Psychiatric disorders	Depression	Intervention					2024 H1 Clinical Trial Initiation	2026	China
Cognitive Impairment Assessment Software		Cognitive impairment	Assessment					2025 Registration Submission	2026	EU
								2023 H2 Registration Submission	2025	US
Cognitive Impairment Treatment Software		Cognitive impairment	Intervention						2025	EU
								2025 Registration Submission	2026	US

★ Core Product

Commercialized Product/Indication

Product exempt from clinical trials under current relevant regulations

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

- *R&D and Technology*. We have assembled a dedicated R&D team of over 100 members with multidisciplinary experience 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 system 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 21 patents and 27 patent applications in China and eight 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, greatly improving the assessment efficiency of physicians. 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 task recommendation system 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 task recommendation system 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 and other products. 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 leadership. 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 from RMB1.0 million in the three months ended March 31, 2022 to RMB10.6 million in the three months ended March 31, 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 leading industry position and fuel a strong growth trajectory.

OUR CORE PRODUCT

Our Core Product, the System, is an evidence-based, medical-grade DTx product, and the first cognitive impairment DTx product in China that has received regulatory approval. 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 (vascular cognitive impairment, aphasia, Alzheimer's disease, depression, schizophrenia, sleep disorders, Attention Deficient Hyperactivity Disorder (the "**ADHD**"), and autism), making it possible for us to commercialize the System in China. The 2020 Amended Certificate and the 2018 Certificate are the same certificate with revised scope descriptions. In June 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.

The System is software that combines clinical experience in brain science with deep neural networks (the "**DNN**") algorithms, a powerful category of machine learning (the "**ML**") algorithms, to assess a patient's condition and provide personalized DTx treatment options. The System provides clinical assessment and interventions 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 incorporates our two underlying technologies, namely virtual human and AI technologies. In particular, our task recommendation DNN algorithms 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. Our DNN algorithms undergo constant iteration and training to dynamically adjust the content of the training tasks. 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.

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

- *Assessment Efficiency.* Our virtual human technology can perform medical assessment, communicate with a large number of patients at once, greatly improving their assessment efficiency. Our artificial intelligence technology enables physicians to perform assessment and intervention in a highly streamlined and user-friendly manner, which we believe contributes to its rapid acceptance and adoption in primary hospitals in lower tier cities in China.

- *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 than traditional drug therapies, as measured by patients' response time, accuracy rate, improvement in training performance scores and length of user stay.

In addition to the eight commercialized indications, the System is also at various stages of preclinical and clinical development for application in 21 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 atrial fibrillation, hypertension, coronary heart disease, and amnestic mild cognitive impairment, and plan to initiate additional clinical trials in order to expand the scope of the 2023 Renewed Certificate to include new indications of the System.

OUR KEY PRODUCTS AND PRODUCT CANDIDATES

As of the Latest Practicable Date, three of our products besides the System had obtained regulatory approvals, including, among others, the Basic Cognitive Ability Testing software (the "**BCAT**") and the Cognitive Ability Supplemental Screening and Assessment software (the "**SAS**"). Both the BCAT and the SAS 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.

BCAT

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. The BCAT can significantly improve the efficiency of medical assessment by medical professionals, promote cost-efficient diagnostic paradigms and improve patient's treatment experience.

SAS

SAS is designed to facilitate healthcare professionals' assessment of patients' cognitive capacity by enabling patients to self-administer the Mini-Mental State Examination (the "**MMSE**") and Montreal Cognitive Assessment (the "**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. Though the SAS is no substitute for human judgement and cannot on its own automatically derive diagnostic conclusions, it can significantly improve the efficiency of medical assessment by medical professionals, promote cost-efficient diagnostic paradigms and improve patient's treatment experience.

We also have the following products under different stages of development.

- *Dyslexia Supplemental Screening and Assessment Software:* Dyslexia Supplemental Screening and Assessment Software (the "**DSS**") is designed to facilitate the assessment of risk of developmental dyslexia in children. We submitted the application for a Class II medical device registration certificate for DSS in May 2023 to the Hunan MPA.

- *COVID-19 Induced Cognitive Impairment Assessment and Recovery Training Software:* We are collaborating with Xuanwu Hospital on a clinical trial focused on cognitive decline due to COVID-19 infection, commonly referred to as "COVID-19 brain fog." We completed patient enrollment in June 2023, and expect to submit application for a Class II medical device registration certificate with the clinical evaluation report from this trial by the end of 2023.

- *ADHD Assessment and Treatment Software:* We are currently under preclinical development of the ADHD assessment and treatment software (the "**ADHD Software**"). We intend to further upgrade our ADHD Software by conducting further clinical trials.

- *Quantitative Cognitive Assessment Software for Depression:* We are currently under preclinical development 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. We expect to initiate clinical trial for this candidate by the end of 2023.

- *Depression Treatment Software:* 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. We expect to initiate clinical trial in the first half of 2024.

- *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 in the U.S. and the EU: Cognitive Impairment Assessment Software and Cognitive Impairment Treatment Software. In 2022, we obtained the CE mark in the EU for our Cognitive Impairment Treatment Software, which allows its commercialization in Europe. 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).

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors:

- Pioneer and leader in China's cognitive impairment DTx market with significant market opportunities;
- Comprehensive coverage of cognitive impairment indications with rapid pipeline expansion;
- Robust R&D capabilities and leading core technologies supported by multidisciplinary team;
- Strong commercialization capabilities and accelerated commercialization momentum propelled by academic and industry achievements; and
- Visionary management team with rich experience in brain sciences, AI technologies, and business development.

OUR STRATEGIES

We plan to execute the following strategies to achieve our mission and drive our future growth:

- Continue indication expansion of the System and development of other product candidates to further solidify our leading position in China's DTx market;
- Accelerate commercialization of the System and other products and enhance market penetration;
- Further improve our research and development capabilities;
- Expand our international footprint and build global influence; and
- Strategically seek merger and acquisition opportunities.

MARKET OPPORTUNITIES AND COMPETITION

The global cognitive impairment DTx market size reached US$2.1 billion in 2022 and is expected to grow to US$4.2 billion in 2025 and US$7.0 billion in 2030, representing CAGRs of 25.5% and 10.7%, respectively. The market size of the cognitive impairment DTx in China reached RMB149.4 million in 2022 and is expected to increase to RMB1,952.2 million in 2025 and RMB9,568.2 million in 2030, representing CAGRs of 135.5% and 37.4%, respectively.

Key players in the global cognitive impairment DTx market (outside China) include companies that offers 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 nine FDA-approved products by approximately six key global players covering cognitive impairment induced by various indications.

In China, as of the Latest Practicable Date, approximately 30 cognitive impairment DTx products by approximately 25 players, including our Company, had been approved by the NMPA or its local counterparts, and at least 15 cognitive impairment DTx products by approximately 15 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. For more information, see "Industry Overview—Cognitive Impairment DTx Market—Competitive Landscape of Cognitive Impairment DTx."

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 (the "**VDCI**"), Neurodegenerative disease induced cognitive impairment (the "**NCI**"), Psychiatric disorder induced cognitive impairment (the "**PCI**"), and Child development deficiency induced cognitive impairment (the "**CDDCI**").

Key players in the global VDCI DTx market (outside China) includes at least two FDA-approved VDCI DTx products by one player. In China, a total of approximately 16 VDCI DTx products by approximately 14 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.

Key players in the global NCI DTx market (outside China) includes at least two FDA-approved NCI DTx products by at least one player. In China, a total of approximately 15 NCI DTx products by approximately 13 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.

Key players in the global PCI DTx market (outside China) includes at least five FDA-approved PCI DTx products by four players. In China, a total of approximately 14 PCI DTx products by approximately 12 players, including our Company, have been approved by the NMPA or its local counterparts, and at least three additional PCI DTx products by at least three 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.

Key players in the global CDDCI DTx market (outside China) includes at least two FDA-approved CDDCI DTx products by at least two players. In China, a total of approximately 13 CDDCI DTx products by at least 12 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.

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 with traditional medical care, such as pursuing multimodal diagnostic methods 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.

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, building a causal-based adaptive collaborative intervention model to stimulate multi-regional synergistic interventions, and to build a multimodal affective computing model and a large-scale language model focused on cognitive skills. These R&D efforts have the potential to improve the user experience of our product by facilitating more genuine human-machine interactions, more accurate assessment and more personalized intervention, thereby helping us to maintain the System's advantage and facilitate further expansion of our product pipelines.

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 commercialized products, see "—Our Products and Product Candidates."

Our Marketing Model

We focus our selling and distribution 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) collaboration with top hospitals and research institutions; (ii) collaborations with key opinion leader(s), person(s) (the "**KOL(s)**"); (iii) regular organization and participation in various academic conferences, seminars and symposia; 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. We did not engage distributors for the selling and distributions of our services and products during the Track Record Period.

Collaborations with Top Hospitals and Research Institutions

As of the Latest Practical Date, we had helped more than 50 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. In addition, our collaboration with hospitals, universities and other research institutions is critical in our ability to offer research projects services. We provide the System as well as technical and operational support services to customers to facilitate their cognitive impairment research projects.

Collaboration 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.

Academic Conferences

We regularly organize and participate in various academic conferences, seminars and symposia, which include international conferences, national and provincial conferences, regional conferences, as well as smaller events tailored for specific hospital departments, to continuously enhance our brand recognition.

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 campaign designed to reach consumers who are aware of their medical condition and are either currently being treated or looking at medical options, we seek to empower these consumers through patient engagement to have a say in their treatment by giving them direct access to information about relevant products or services.

Pricing

The prices we charge hospitals for cognitive assessment and training in hospitals are primarily determined by the pricing under the relevant provincial health insurance reimbursement list. We invoice the hospitals periodically based on the number of times our products are used by these hospitals to assess and treat patients during the period. As of the Latest Practicable Date, our System had been included in the health insurance reimbursement lists in 30 provinces in China. For patients who purchase our cognitive training out of hospitals, we charge 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.

OUR BUSINESS MODEL

We offer cognitive assessment and intervention services to hospitals which enable hospitals to utilize the System (and potentially our other products and product candidates) for the assessment and intervention of their cognitive impairment patients. We generate revenue from hospitals which pay us based on the amount of in-hospital use by patients and the pricing set by the provincial health insurance reimbursement list. To a lesser extent, we also provide cognitive training out of hospital directly to individual patients who pay us periodic subscription fees during the period they use the System. In addition, we provide the System as well as technical and operational support services to help universities, hospitals and research institutions conduct research projects. Historically, we also sold hardware equipment with our System preinstalled together with user accounts which enable customers to use the System on the hardware equipment.

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 establishing cognitive centers:* We became the first sponsor of a project initiated by the NHC, according to Frost & Sullivan, under which we are tasked with helping 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.

- *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.

- *Growing industry trend demonstrating strong market demand:* As a pioneer and leader in China's cognitive impairment DTx market, we believe we are well-positioned to capture the rapid growth in the global and China cognitive impairment DTx markets, and achieve sustainable business and revenue growth.

See "Business—Business Sustainability and Commercialization Strategies" for more detailed descriptions of our strategies to achieve long-term sustainability of our product commercialization.

CUSTOMERS

Our customers primarily include (i) hospitals from which we generate cognitive assessment and intervention in hospital revenue; (ii) individual patients from whom we generate cognitive training out of hospital revenue; (iii) hospitals, universities, and other research institutions from which we generate research project revenue. 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 approximately 80 hospitals. The total revenues generated from our top five customers was RMB1.6 million, RMB8.2 million and RMB9.1 million in 2021, 2022 and the three months ended March 31, 2023, accounting for 70.0%, 73.1% and 86.3%, respectively, of our total revenue during the same periods. Revenue from our largest customer was RMB0.8 million, RMB4.4 million and RMB4.4 million in 2021, 2022 and the three months ended March 31, 2023, respectively, accounting for 35.4%, 39.1% and 41.7%, respectively, of our total revenue during the same periods.

SUPPLIERS

Our major suppliers primarily provide us (i) certain research and development services which we outsource to third-party vendors; (ii) operational services provided to cognitive centers on our behalf; (iii) suppliers of certain hardware on which our products run; and (iv) marketing and promotion service providers. Our suppliers are primarily located in China. We have established stable relationships with many of our key suppliers.

The total purchases from our top five suppliers was RMB36.3 million, RMB13.8 million and RMB4.0 million in 2021, 2022 and the three months ended March 31, 2023, accounting for 80.3%, 46.4% and 70.9%, respectively, of our total purchases during the same periods. Purchases from our largest supplier was RMB15.0 million, RMB3.8 million and RMB1.9 million in 2021, 2022 and the three months ended March 31, 2023, respectively, accounting for 33.2%, 12.7% and 32.9%, respectively, of our total purchases during the same periods.

MANUFACTURING

We have third-party vendors who manufacture the hardware on which our products run. We do not own or operate any manufacturing facilities.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had 50 registered trademarks, 21 granted patents, 66 registered software copyrights and filed 27 patent applications in China, as well as eight pending patent applications overseas.

As of the Latest Practicable Date, in relation to the System, we had 19 granted patents and 26 filed patent applications. 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 in China.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (on the basis that all the Preferred Shares are converted into Shares on a one-to-one basis and assuming that the [**REDACTED**] is not exercised), Mr. Tan and Dr. Wang, acting in concert by virtue of the Offshore AIC Agreement, will together control the voting rights of approximately [**REDACTED**] of the total issued share capital of our Company, including:

(i) the voting rights of the Shares, representing approximately [**REDACTED**] of the total issued share capital of our Company, held by ZTan Limited, a BVI company wholly-owned by Mr. Tan;

(ii) the voting rights of the Shares, representing approximately [**REDACTED**] of the total issued share capital of our Company, held by Wispirits Limited, a BVI company wholly-owned by Dr. Wang;

(iii) the voting rights of the Shares, representing approximately [**REDACTED**] of the total issued share capital of our Company, held by Wiseforward Limited, a BVI company and a close associate of Dr. Wang, in which Dr. Wang controls all voting rights through (a) direct shareholding in Wiseforward Limited, and (b) proxy of the voting rights of all remaining shares of Wiseforward Limited granted by the relevant shareholders thereof to Dr. Wang since the date when Wiseforward Limited first became a Shareholder;

(iv) the voting rights of the Shares, representing approximately [**REDACTED**] of the total issued share capital of our Company, held by Neurobright Limited, a BVI company and a close associate of Dr. Wang, in which Dr. Wang controls all voting rights through (a) direct shareholding in Neurobright Limited, and (b) proxy of the voting rights of all remaining shares of Neurobright Limited granted by the relevant shareholders thereof to Dr. Wang since the date when Neurobright Limited first became a Shareholder; and

(v) by virtue of the Voting Proxy Agreements (as summarized below), the voting rights of the Shares, representing approximately [**REDACTED**] in aggregate of the voting rights of our Company, which include [**REDACTED**], and [**REDACTED**], held by the Proxy Grantors, being (a) Healthblooming Limited and (b) Integriness Limited, respectively.

Accordingly, Mr. Tan and Dr. Wang, together with their respective close associates, namely ZTan Limited, Wispirits Limited, Wiseforward Limited and Neurobright Limited, are the Controlling Shareholders of our Company.

For the background of our Controlling Shareholders, see the sections headed "Directors and Senior Management" and "History, Reorganization and Corporate Structure".

Offshore AIC Agreement

Pursuant to the Offshore AIC Agreement, Mr. Tan and Dr. Wang will together control the voting rights of approximately [**REDACTED**] of the total issued share capital of our Company, being the aggregate voting rights controlled by the Offshore AIC Parties immediately after the completion of the [**REDACTED**] and the [**REDACTED**] (on the basis that all the Preferred Shares are converted into Shares on a one-to-one basis and assuming the [**REDACTED**] is not exercised). For the details of the Offshore AIC Agreement, see the section headed "History, Reorganization and Corporate Structure — Acting in Concert Arrangements — Offshore AIC Agreement."

Voting Proxy Agreements

Pursuant to the Voting Proxy Agreements dated August 6, 2023, Mr. Tan is entitled to exercise, in his sole discretion, all rights as the Shareholders of our Company on behalf of the Proxy Grantors (namely Healthblooming Limited and Integriness Limited), in relation to the Shares representing approximately [**REDACTED**] of the total issued share capital of our Company held by the Proxy Grantors immediately after the completion of the [**REDACTED**] and the [**REDACTED**] (on the basis that all the Preferred Shares are converted into Shares on a one-to-one basis and assuming the [**REDACTED**] is not exercised), according to the applicable laws and rules with respect to corporate governance, including but not limited to the voting rights of Shareholders at shareholder meetings.

The Voting Proxy Agreements took immediate effect upon the date thereof and shall continue in force so long as each of the Proxy Grantors holds any Share in our Company subject to the relevant Voting Proxy Agreement.

As a result of the arrangements set out above, Mr. Tan and Dr. Wang are entitled to control approximately [**REDACTED**] in aggregate of the voting rights of our Company, being the aggregate voting rights held by the Proxy Grantors, immediately after the completion of the [**REDACTED**] and the [**REDACTED**] (on the basis that all the Preferred Shares are converted into Shares on a one-to-one basis and assuming the [**REDACTED**] is not exercised).

OUR [REDACTED] INVESTORS

Since the establishment of our Group, we have entered into several rounds of financing agreements with our [**REDACTED**] Investors, which include professional investors principally engaged in equity investments in the healthcare sector. Among our [**REDACTED**] Investors, Northern Light Strategic Fund IV L.P., Northern Light Venture Fund IV L.P. and Northern Light Partners Fund IV L.P. are Sophisticated Investors having made meaningful third-party investment in our Company. For further details of the identity and background of our [**REDACTED**] Investors, and the principal terms of the [**REDACTED**] Investments, see the section headed "History, Reorganization and Corporate Structure — [**REDACTED**] Investments."

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this Document, as well as the information set forth in "Financial Information" of this Document. Our financial information was prepared in accordance with International Financial Reporting Standards (the "**IFRS**").

Description of Selected Components of Statements of Profit or Loss

The following table sets forth our combined statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated, which are derived from our combined statements of profit or loss and other comprehensive income set out in the Accountants' Report included in Appendix I to this Document:

	For the year ended December 31,		For the three months ended March 31,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	2,299	11,291	977	10,564
Cost of sales	(995)	(7,994)	(431)	(4,975)
Gross profit	**1,304**	**3,297**	**546**	**5,589**
Other income	1,478	3,915	1,351	1,315
Other gains and losses, net	(3)	3,098	48	1,498
Fair value loss of financial liabilities at fair value through profit or loss ("FVTPL")	(623,764)	(385,886)	(357,995)	(71,684)
Impairment loss under expected credit loss ("ECL") model, net of reversal	(13)	(50)	(5)	(111)
Selling and distribution expenses	(10,813)	(11,928)	(2,331)	(4,288)
Administrative expenses	(26,782)	(27,762)	(5,247)	(8,076)
Research and development expenses	(32,760)	(67,627)	(17,844)	(14,751)
Finance costs	(6,391)	(19,223)	(4,721)	(4,953)
Other expenses	(94)	(295)	(92)	–
Loss before tax	(697,838)	(502,461)	(386,290)	(95,461)
Income tax expense	–	–	–	–
Loss and total comprehensive expense for the year/period	**(697,838)**	**(502,461)**	**(386,290)**	**(95,461)**
Loss for the year/period attributable to:				
Owners of the Company	(697,837)	(502,452)	(386,290)	(95,459)
Non-controlling interests	(1)	(9)	–	(2)

Description of Selected Components of Statements of Financial Position

The following table sets forth selected information from our combined statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I to this Document:

	As of December 31,		As of March 31,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	30,598	110,914	127,961
Total current assets	340,700	307,174	333,108
Total assets	**371,298**	**418,088**	**461,069**
Total current liabilities	176,939	35,621	34,498
Net current assets	**163,761**	**271,553**	**298,610**
Total non-current liabilities	875,641	1,476,710	1,552,275
Total liabilities	**1,052,580**	**1,512,331**	**1,586,773**
Net liabilities	**(681,282)**	**(1,094,243)**	**(1,125,704)**
Total deficits	**(681,282)**	**(1,094,243)**	**(1,125,704)**

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of March 31,	As of June 30,
	2021	2022	2023	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Contract costs	457	251	316	283
Trade and other receivables and prepayments	16,474	19,674	31,374	45,708
Amount due from a related party	29	29	29	29
Financial assets at FVTPL	–	228,789	197,225	16,273
Restricted bank deposit	–	–	14,100	100,000
Term deposits	–	30,180	30,532	–
Bank balances and cash	323,740	28,251	59,532	30,871
Total current assets	**340,700**	**307,174**	**333,108**	**193,164**
Current liabilities				
Trade and other payables	13,974	17,746	17,828	30,338
Contract liabilities	450	1,023	1,180	3,869
Amounts due to related parties	2,364	2,364	2,364	97
Lease liabilities	6,686	7,523	6,254	5,224
Other borrowing	–	6,965	6,872	7,226
Financial liabilities at FVTPL	153,465	–	–	–
Total current liabilities	**176,939**	**35,621**	**34,498**	**46,754**
Net current assets	**163,761**	**271,553**	**298,610**	**146,410**

Our net current assets increased from RMB163.8 million as of December 31, 2021 to RMB271.6 million as of December 31, 2022, primarily due to (i) an RMB228.8 million increase in financial assets at FVTPL; (ii) an RMB153.5 million settlement of financial liabilities at FVTPL; and (iii) an RMB30.2 million increase in term deposits; partially offset by (iv) an RMB295.5 million decrease in bank balances and cash; (v) an RMB7.0 million increase in other borrowing.

Our net current assets subsequently increased to RMB298.6 million as of March 31, 2023, primarily due to (i) an RMB31.3 million increase in bank balances and cash; (ii) an RMB11.7 million increase in trade and other receivables and prepayments; (iii) an RMB14.1 million increase in restricted bank deposit; and (iv) an RMB1.3 million decrease in lease liabilities; partially offset by an RMB31.6 million decrease in financial assets at FVTPL.

Our net current assets subsequently decreased to RMB146.4 million as of June 30, 2023, primarily due to (i) decreases in current assets in relation to the placement of the RMB300.0 million proceeds from issuance of long-term bond into a restricted account jointly managed by our Group and the subscriber of the long-term bond pursuant to a supplemental agreement entered into in June 2023; specifically, decreases in relation to the above supplemental agreement include an RMB181.0 million decrease in current financial assets at FVTL, an RMB30.5 million decrease in term deposits, an RMB28.7 million decrease in bank balances and cash, and an RMB14.1 million decrease in restricted bank deposit; and (ii) an RMB12.5 million increase in trade and other payables due to an increase in services purchased; partially offset by (i) an RMB100.0 million increase in the current portion of restricted bank deposits, which represents the portion of the total RMB300.0 million proceeds placed into the restricted account that we are entitled to use within one year; and (ii) an RMB14.3 million increase in trade and other receivables and prepayments primarily due to an increase in our business scale and sales volume.

Selected Data of Consolidated Cash Flows Statements

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,		**For the three months ended March 31,**	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Loss before tax	(697,838)	(502,461)	(386,290)	(95,461)
Net cash used in operating activities	(49,206)	(100,680)	(25,644)	(27,697)
Net cash used in investing activities	(21,476)	(334,462)	(94,760)	(2,490)
Net cash from/(used in) financing activities	393,609	139,647	(2,438)	61,561
Net increase/(decrease) in cash and cash equivalents	322,927	(295,495)	(122,842)	31,374
Cash and cash equivalents at the beginning of the year/period	813	323,740	323,740	28,251
Cash and cash equivalents at the end of the year/period	323,740	28,251	200,898	59,532

WORKING CAPITAL

The Directors are of the opinion that, taking into account of the following financial resources available to us described below, we have sufficient working capital to cover at least 125% of our costs, including R&D expenses, selling and distribution expenses, administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this Document:

- our future operating cash flows;
- our cash and cash equivalents as of the Latest Practicable Date;
- available equity and debt financing; and
- the estimated [**REDACTED**] from the [**REDACTED**].

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. We had bank balances of RMB30.9 million as of June 30, 2023. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] and [**REDACTED**] payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**] in this Document. Assuming an average cash burn rate going forward of two times the level in 2022, we estimate that our cash and cash equivalents, the current portion of restricted bank deposits and the current portion of financial assets as of June 30, 2023 will be able to maintain our financial viability for seven months or, if we also take into account the estimated [**REDACTED**] from the [**REDACTED**], for at least [**REDACTED**]. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group for the periods or as of the dates indicated:

	For the year ended/ As of December 31,		For the three months ended/As of March 31,
	2021	**2022**	**2023**
Gross margin	56.7%	29.2%	52.9%
Current ratio[(1)]	1.9	8.6	9.7

Note:

(1) Current ratio equals current assets divided by current liabilities as of the end of the year.

Our gross profit margin was 56.7%, 29.2% and 52.9% in 2021, 2022 and the three months ended March 31, 2023, respectively. See "Financial Information—Period-to-Period Comparison" for more details.

Our current ratio increased from 1.9 as of December 31, 2021 to 8.6 as of December 31, 2022, primarily due to the significant decrease of the current portion of the financial liabilities at FVTPL. Our current ratio further increased to 9.7 as of March 31, 2023, primarily due to increases in restricted bank deposit, term deposits, and bank balances and cash.

NON-IFRS MEASURES

To supplement our combined statements of profit or loss and other comprehensive income, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to [**REDACTED**] and others in understanding and evaluating our combined results of operations in the same manner as they help our management in assessing our results of operations which are more directly related to our core business operations without the effects of fair value loss of financial liabilities at fair value through profit or loss. However, our non-IFRS measures do not have a standardized meaning prescribed by IFRS, and our adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss and total comprehensive expense for the year/period adjusted by adding back fair value loss of financial liabilities at FVTPL and share-based payments.

The following table reconciles adjusted net loss (non-IFRS measure) for the years/periods indicated to the nearest financial measure calculated and presented in accordance with IFRS, which is loss and total comprehensive expense for the year/period:

	For the year ended December 31,		For the three months ended March 31,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Reconciliation of loss and total comprehensive expense for the year/period to adjusted net loss (non-IFRS measure)				
Loss and total comprehensive expense for the year/period	(697,838)	(502,461)	(386,290)	(95,461)
Add:				
Fair value loss of financial liabilities at FVTPL	623,764	385,886	357,995	71,684
Share-based payments	19,370	–	–	–
Adjusted net loss	**(54,704)**	**(116,575)**	**(28,295)**	**(23,777)**

[**REDACTED**]

DIVIDEND

No dividend has been proposed, paid or declared by our Company since our incorporation till the Latest Practicable Date.

We are a holding company incorporated in the Cayman Islands. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10.0% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50.0% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of its after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us.

We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The declaration and payment of any dividends in the future may be determined by our Board as it thinks fit, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Cayman Companies Act a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this Document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated [**REDACTED**] payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] in this Document. Assuming an [**REDACTED**] at the mid-point of the indicative [**REDACTED**], we intend to use the [**REDACTED**] we will receive from this [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for conducting further research and development activities, advancing clinical trials for more indications, and advancing selling and distribution activities of our Core Product, the System;

- approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for helping establish new cognitive centers for more hospitals across China through which hospitals can use our products to diagnose and treat patients with cognitive impairment and/or other disorders;

- approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for strengthening our capabilities in AI and related technologies;

- approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for accelerating the research, development and commercialization of other product candidates in and beyond our current product pipeline;

- approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for brain science and DTx research centers in collaboration with academic institutions and hospitals; and

- approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for our working capital and other general corporate purposes.

For further details, see "Future Plans and Use of [**REDACTED**]."

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. These risks are set out in "Risk Factors" in this Document. Some of the major risks we face include:

- Our future growth depends substantially on the successful development of our product portfolio. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business and financial prospects will be materially adversely affected.

- DTx industry is developing rapidly. If we are not able to develop and release new products that are competitive in the market, or develop successful enhancements or indication expansions of our System or any future products in a timely manner our products may become obsolete and our business, operating results and financial condition could be materially adversely affected.

- Clinical development is a lengthy, expensive and uncertain process, and unsuccessful clinical trials or procedures relating to products and indications under development could have a material adverse effect on our prospects, including incurring additional costs, experiencing delays in completing, or ultimately being unable to complete the development and commercialization of our product if clinical trials fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities.

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

- We have relatively limited experience in marketing and sales of our products, and rely on our in-house marketing force to promote our products. If we are unable to develop and successfully maintain adequate sales and commercial distribution capabilities, our business and results of operations could be adversely affected.

- We mainly derived our revenue from services provided through our System. Failure to achieve the anticipated revenue of the System may have a material adverse impact on our business and results of operations.

- The regulatory framework for DTx products is constantly evolving. Increasingly stringent regulatory requirements could create barriers to our development and introduction of new products. Conversely, in the event that regulatory requirements are lowered, competitors could potentially enter the DTx market and compete against us more easily.

- We have been in a net loss position since our inception and may continue to incur net losses for the foreseeable future, and you may lose substantially all your [**REDACTED**] in us given the high risks and uncertainties associated with our business operations and the cognitive impairment DTx industry.

- Our results of operations, financial condition, and prospects may be adversely affected by fair value changes in our financial liabilities at FVTPL.

- The permit, filing or other requirements of the CSRC or other PRC government authorities in relation to our proposed [**REDACTED**] or further capital raising activities may be required under PRC laws.

[**REDACTED**] EXPENSES

The total [**REDACTED**] payable by our Company are estimated to be approximately HK$[**REDACTED**] representing [**REDACTED**] of the total [**REDACTED**] from the [**REDACTED**], assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]). These [**REDACTED**] expenses mainly comprise legal and other professional fees paid and payable to the professional parties, [**REDACTED**] payable to the [**REDACTED**], and printing and other expenses for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**].

We estimate that the [**REDACTED**] expenses of approximately HK$[**REDACTED**] (including [**REDACTED**] and other expenses, assuming the [**REDACTED**] is not exercised and based on the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) will be incurred by our Company, approximately HK$[**REDACTED**] of which is expected to be charged to our combined statements of profit or loss, and approximately HK$[**REDACTED**] of which is expected to be deducted from equity (relating to [**REDACTED**] expenses directly attributable to the issue of shares).

The following table sets forth a breakdown of the [**REDACTED**] expenses for the [**REDACTED**] based on the mid-point [**REDACTED**] of HK$[**REDACTED**].

[**REDACTED**] **Expenses**	**Based on an [REDACTED] of HK$[REDACTED]** *HK$ '000*
[**REDACTED**] related expenses	
Legal and audit expenses	[**REDACTED**]
Other expenses	[**REDACTED**]
[**REDACTED**] related expenses	[**REDACTED**]
Total	[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this Document, there has been no material adverse change in our financial, operational or trading positions or prospects since March 31, 2023, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this Document.