

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **October 9, 2015**

**HELIUS MEDICAL TECHNOLOGIES, INC.**  
(Exact Name of Registrant as Specified in Charter)

**Wyoming**  
(State or Other Jurisdiction  
of Incorporation)

**000-55364**  
(Commission  
File Number)

**36-4787690**  
(IRS Employer  
Identification No.)

**Suite 400, 41 University Drive  
Newton, Pennsylvania**  
(Address of Principal Executive Offices)

**18940**  
(Zip Code)

Registrant's telephone number, including area code **(215) 809-2018**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

## **Item 1.01 Entry into a Material Definitive Agreement.**

### *Asset Purchase Agreement*

On October 9, 2015, Heliuss Medical Technologies, Inc. (the "Company") entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with A&B (HK) Company Limited ("A&B"), a company existing under the laws of Hong Kong. Under the terms of the Asset Purchase Agreement, the Company has agreed to sell, and A&B has agreed to purchase, certain assets and license rights of the Company (the "Purchased Assets") relating to the use and manufacture of the Company's Portable NeuroStimulation Devices ("PoNS Devices") in China, Taiwan, Singapore, Hong Kong and the Macau Special Administrative Region (collectively, the "Territory"). Pursuant to the terms of the Asset Purchase Agreement, A&B will be entitled to manufacture PoNS Devices and Components for (i) distribution within the Territory or (ii) to provide to the Company pursuant to purchase orders issued by the Company. In exchange, A&B has agreed to pay to the Company (1) a per unit handling fee equal to a percentage of the amount paid for PoNS Devices and Components purchased by A&B from the Company, and (2) a one-time milestone payment during any calendar year that Net Sales of PoNS Devices in the Territory reaches or exceeds a specified dollar amount.

The preceding summary is qualified in its entirety by reference to the Asset Purchase Agreement, which is filed as Exhibit 2.1 to this Form 8-K.

### *Convertible Promissory Note*

In connection with the Asset Purchase Agreement, A&B has provided a \$7.0 million funding commitment to the Company in the form of a Convertible Promissory Note (the "Note"). The funding commitment consists of (i) an initial \$2.0 million, which shall accrue interest at a rate equal to 6.0% per annum, payable in cash on the due date, which is six months from the date of the Note, and (ii) an additional \$5.0 million funding commitment upon which the Company may draw down at any time or from time to time during the six month period beginning on the issuance date of the Note.

The outstanding balance of the Note shall be convertible, in whole or in part, at any time at the option of the holder, into shares of the Company's common stock ("Common Stock") at a conversion price of \$0.96 per share. In connection with any conversion of the Note, A&B will receive a warrant to purchase a number of shares of Common Stock equal to fifty percent (50%) of the number of shares of Common Stock issued upon conversion of the Note at an exercise price of \$1.44 per share for a period of three years from the date of issuance of the warrant. The Company and A&B intend to convert the initial \$2 million funding commitment into shares of Common Stock and warrants. Accordingly, the Company intends to issue to A&B 2,083,333 shares of Common Stock and a warrant to purchase 1,041,667 shares of Common Stock at \$1.44 per share.

Pursuant to the terms of the Note, the Company has agreed to register the shares of Common Stock issued under the terms of the Note upon the request of A&B.

Additionally, for a period of six months, the Company may draw down up to an additional \$5.0 million from A&B in exchange for shares of Common Stock and a warrant to purchase a number of shares of Common Stock equal to fifty percent (50%) of the number of shares of Common Stock issued. The price of the shares of Common Stock will be based on the volume weight average closing price of the shares of Common Stock (the "VWAP") on the date the Company elects to draw from the \$5 million funding commitment, and the corresponding warrant will be exercisable at the price representing a fifty percent (50%) premium to the price of the shares of Common Stock issued as follows. If the VWAP is above \$0.96 and below \$2.00 for a period of 30 consecutive trading days, the Company can draw down all or part of the \$5 million funding commitment by issuing shares of Common Stock at a price of \$0.96 per share and a warrant with an exercise price of \$1.44 per share. If the VWAP is above \$2.00 for any period of 15 consecutive trading days, the Company can elect to draw down from the \$5 million funding commitment by issuing shares of Common Stock at a price of \$1.50 per share and a warrant with an exercise price of \$2.25 per share. If the VWAP is below \$0.96 for any period of 30 consecutive trading days, the Company can elect to draw down from the \$5 million funding commitment by issuing shares of Common Stock at a price equal to the VWAP for such period of 30 consecutive trading days and a warrant with an exercise price per share of 150% of the VWAP. All warrants will expire three years after the date of issuance. Based on the closing price of the Company's shares of Common Stock on October 8, 2015 of \$0.72 per share, if the Company elected to draw down the entire \$5.0 million funding commitment, the Company would issue 6,944,444 shares of Common Stock and a warrant to purchase 3,472,222 shares of Common Stock with an exercise price of \$1.08 per share.

---

To the extent the Company draws down part or all of the remaining \$5 million from A&B, the Company undertakes to provide A&B with a seat on the Company's board of directors. The Company intends to draw down all or a portion of this funding commitment, and to provide A&B with a seat on its board of directors.

The Note contains certain customary events of default, including, but not limited to, default in payment of principal or interest, breaches of covenants, representations or warranties, filing of bankruptcy and the entering of certain monetary judgments against the Company. Upon the occurrence of any such Event of Default, A&B may declare all outstanding obligations payable by the Company immediately due and payable.

The preceding summary is qualified in its entirety by reference to the Note, which is filed as Exhibit 10.1 to this Form 8-K.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

The closing of the Asset Purchase Agreement occurred on October 9, 2015. The summary of the terms of the Asset Purchase Agreement set forth in Item 1.01 above is incorporated by reference into this Item 2.01.

At the time of the Asset Purchase Agreement, neither the Company nor any of the Company's officers, directors, or affiliates had any material relationship with A&B.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information in Item 1.01 above under the heading "*Convertible Promissory Note*" is incorporated by reference into this Item 2.03.

**Item 3.02 Unregistered Sales of Equity Securities.**

The information in Item 1.01 above under the heading "*Convertible Promissory Note*" is incorporated by reference into this Item 3.02. The Company relied upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) thereunder for the issuance of the Convertible Promissory Note and the underlying shares of Common Stock and warrants.

**Item 8.01 Other Events.**

On October 13, 2015, the Company issued a press release to announce the agreements discussed above. The text of the press release is included as Exhibit 99.1 to this Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

---

**Exhibit Number****Description**

[2.1\\*](#) [Asset Purchase Agreement between the Company and A&B \(HK\) Company Limited, dated as of October 9, 2015](#)

[10.1](#) [Convertible Promissory Note between the Company and A&B \(HK\) Company Limited, dated as of October 9, 2015](#)

[99.1](#) [Press Release, dated October 13, 2015](#)

\* Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

---

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HELIUS MEDICAL TECHNOLOGIES, INC.

Date: October 16, 2015

By: /s/ Amanda Tseng

Name: Amanda Tseng

Title: Chief Financial Officer

---

## Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">2.1*</a>	<a href="#">Asset Purchase Agreement between the Company and A&amp;B (HK) Company Limited, dated as of October 9, 2015</a>
<a href="#">10.1</a>	<a href="#">Convertible Promissory Note between the Company and A&amp;B (HK) Company Limited, dated as of October 9, 2015</a>
<a href="#">99.1</a>	<a href="#">Press Release, dated October 13, 2015</a>

\* Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

---

Confidential Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission under a confidential treatment request, pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The redacted terms have been marked in this Exhibit at the appropriate place with three asterisks [\*\*\*].

---

**ASSET PURCHASE AGREEMENT**

**Between**

**NeuroHabilitation Corporation**

**AND**

**A&B (HK) Company Limited**

---

---

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “Agreement”) by and among A&B (HK) Company Limited, a company existing under the laws of Hong Kong, having its registered address at Unit 2106,21/F Island Place Tower No.510 King’s Rd North Point, Hong Kong (hereinafter referred to as “A&B”) (“A&B”), and NeuroHabilitation Corporation, a Delaware corporation, having its registered address at 41 University Drive, Suite 400, Newtown, PA 18940 (“NHC” and together with A&B, the “Parties”), is made as of 9<sup>th</sup> October, 2015 (“Effective Date”).

WHEREAS, A&B desires to purchase and NHC desires to sell certain assets of NHC under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the covenants and mutual considerations provided in this Agreement, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. The terms defined in this Section 1, whenever used in this Agreement, shall have the respective meanings indicated below for all purposes of this Agreement. Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing individuals shall include Person and vice versa.

“A&B” has the meaning set forth in the preamble.

“A&B Board” shall mean the board of directors of A&B.

“A&B Indemnified Parties” has the meaning set forth in Section 20(a).

“Affiliate” shall mean any entity which directly or indirectly controls a Party or is controlled by a Party or is under common control with a Party. “Control” means the legal power to direct or cause the direction of the general management or partners of such entity whether through the ownership of voting securities or otherwise.

“APA Intellectual Property” has the meaning set forth in Section 7(e)(1).

“Assigned Improvements” has the meaning set forth in Section 12(d).

“Assumed Liabilities” has the meaning set forth in Section 4.

“Business” shall mean the necessary activities required to develop and commercialize the PoNS Devices and Components.

“Business Day” shall mean any day except Saturday, Sunday, any day which shall be a federal legal holiday, or a day on which banking institutions in the State of New York or in mainland China or in Hong Kong are authorized or required by law or other governmental action to close.

“Closing” has the meaning set forth in Section 6(c).

---



“Components” shall mean mouthpieces, controllers cables and any other replacement parts, accessories or add-on parts for PoNS Devices.

“Contract” shall mean any written, oral or other agreement, contract, subcontract, lease, understanding, instrument, note, warranty, license, sublicense, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, whether express or implied.

“Confidential Information” has the meaning set forth in Section 16(a).

“Disposition” has the meaning set forth in Section 15(b).

“Distribution Agreements” has the meaning set forth in Section 9(e).

“Effective Date” has the meaning set forth in the preamble.

“Excluded Assets” has the meaning set forth in Section 3.

“Excluded Liabilities” has the meaning set forth in Section 5.

“FDA” shall mean the United States Food and Drug Administration, or any successor Governmental Body in the United States.

“Governmental Authorization” shall mean any: (i) approval, permit, license, certificate, franchise, permission, clearance, registration, qualification or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any legal requirement; or (ii) right under any Contract with any Governmental Body.

“Governmental Body” shall mean any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign, supranational or other government (including the European Union); or (iii) governmental, self-regulatory or quasi-governmental authority of any nature, including any governmental division, department, agency, commission, instrumentality, official, organization, unit, body or entity and any court or other tribunal.

“Intellectual Property Rights” shall mean all intellectual property rights in or related to the PoNS Device, Components and Services throughout the world, and all renewals and extensions thereof, including, without limitation: (i) patents, patent applications and patent disclosures; (ii) copyrights and copyrightable works (including user guides, manuals, marketing materials, computer programs and mask works) and registrations and applications for registration thereof; (iii) trade secrets, know-how and other confidential information; (iv) trademarks, service marks, trade dress, common law marks, domain names and logos, and registrations and applications for registration thereof, together with all goodwill associated therewith; (v) any right analogous to those set forth herein; and (vi) all claims or causes of action arising out of or related to any infringement or misappropriation of any of the foregoing.

“Licensed IP” shall mean any of the following that is owned or controlled by NHC at the Effective Date, or which will be owned or controlled by NHC during the term of the Agreement including but not limited to (i) the Intellectual Property Rights within the Territory; and (ii) any other confidential information that is necessary for the commercialization of the PoNS Product in the Territory and the manufacture of the Product outside the Territory.

“Lien” has the meaning set forth in Section 2.

“Marketing Authorization” or “MA” means any direct or indirect authorization required from a regulatory authority to market and sell the Product in the Territory.

“Manufacturer Price” shall mean the actual price paid by NHC to its manufacturer for PoNS Devices and Components, which shall be provided by NHC with reasonable proof, subject to an audit not more than annually by an independent third party accountant appointed by A&B.

“NHC Indemnified Person” has the meaning set forth in Section 20(b).

“Person” shall mean an individual, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, Governmental Body or other entity of any kind.

“Portable NeuroStimulation Devices” or “PoNS Devices” or “Devices” shall mean portable neurostimulation devices (no matter under the name of PoNS Devices or other names) developed by or for NHC, together with any and all improvements and replacements for such devices developed by or for NHC or acquired by NHC thereafter.

“Prosecution Activity” has the meaning set forth in Section 15(a).

“Purchase Price” has the meaning set forth in Section 6(a).

“Purchased Assets” has the meaning set forth in Section 2.

“Regulatory Approval” shall mean any and all Governmental Authorizations (including price and reimbursement approvals) that are necessary for the manufacture, use, storage, import, transport, and/or sale of a product in such jurisdiction. In the United States, Regulatory Approval shall be deemed to occur upon clearance by the FDA for marketing for the sought after indications.

“Net Sales” shall mean all revenues, receipts, money, and the fair market value of any shares or other securities, or other consideration directly or indirectly collected or received, whether by way of cash, credit or other value received by A&B from the use, marketing, sale or distribution of PoNS Devices, Components and Services in the Territory. With respect to the sale or other disposition of PoNS Devices, Components and Services, only the following deductions from Net Sales will be permitted: (a) reasonable discounts, chargebacks, allowances for bad debts or uncollectible amounts, any local medical aid or medical care programs rebates and allowances actually taken; (b) sales, use, value added and excise taxes, import and customs duties, tariffs, and any other similar taxes, duties or tariffs, to the extent actually paid by A&B; (c) freight, insurance, packaging costs and other transportation charges to the extent added to the sales price; and (d) amounts repaid or credits taken by reason of rejections, defects or returns or because of retroactive price reductions or due to recalls or government laws or regulations requiring rebates (e) rebate (including but not limited to marketing promotion expenses, human costs and daily expenses) (f) promotion service fee

“Services” shall mean therapeutic methods and processes, and training protocols, and associated systems and software, including mobile applications, data services, and/or cloud storage developed for, used with or associated with PoNS Devices.

“Tax” and “Taxes” shall mean, with respect to any Person, (a) all income taxes (including any tax on or based upon net income, or gross income, or income as specifically defined, or earnings, or profits, or selected items of income, earnings or profits) and all gross receipts, sales, use, ad valorem, value added, turnover, transfer, franchise, license, withholding, payroll, social security, retirement, employment, excise, severance, stamp, occupation, premium, property or windfall profits taxes, alternative or add-on minimum taxes, customs duties or other taxes, fees, assessments or charges of any kind whatsoever, including any and all such Taxes which should have been collected and paid to any Governmental Body on behalf of third parties together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority (domestic or foreign) on such Person and (b) any liability for the payment of any amount of the type described in the immediately preceding clause (a) as a result of being a transferee of another Person or a member of an affiliated or combined group.

“NHC Technology” shall mean all technology owned or controlled by or licensed to NHC, as of the Effective Date or at any time during the term of this Agreement, which is related to PoNS Devices, Components or Services, including, without limitation, inventions, techniques, processes, prototypes, samples, specifications, test data, compositions of matter, formulae, information and know-how, whether or not patentable or copyrightable, which, among other things, in particular are competent and accurate to enable the commercialized manufacture of the Components, PoNS Devices and the provision of the Services.

“Territory” shall mean the People’s Republic of China, Taiwan, Singapore Hong Kong and Macau Special Administrative Region.

“Third Party Action” has the meaning set forth in Section 20(a).

2. Purchase and Sale; Exclusive License to NHC Technology and Licensed IP.

(a) As of the Effective Date, NHC hereby sells, assigns, transfers, conveys and delivers to A&B, and A&B hereby purchases and acquires from NHC all of NHC’s right, title and interest in and to all of the assets listed on Schedule 1 attached hereto as those assets exist on the Effective Date hereof or developed during the term of this Agreement (collectively, the “Purchased Assets”), free and clear of any mortgage, lien, pledge, security interest, charge, option, restriction on transfer, claim, or other restrictions and encumbrances of any nature whatsoever (a “Lien”). A&B owns the exclusive right to import, register, market, distribute, promote, offer for sale and sell the PoNS Devices, Components and Services within the Territory and manufacture the PoNS Devices and Components solely for the Territory, and at its own discretion apply for and obtain intellectual property rights with respect to the PoNS Devices, Components and Services based on the Purchased Assets within the Territory.

(b) As of the Effective Date, NHC hereby grants to A&B an exclusive, perpetual, irrevocable, paid-up and royalty-free license with the right to sub-license, subject to the terms and restrictions under this Agreement, to use the NHC Technology specified in Schedule 3 to market, promote, distribute and sell PoNS Devices, Components and Services solely within the Territory and to manufacture the PoNS Devices solely for the Territory, and A&B hereby accepts such right and license. For the avoidance of doubt, any NHC Technology exclusively related to the Territory will form part of the Purchased Assets and shall be transferred to A&B pursuant to the Section (a).

(c) As of the Effective Date, NHC hereby grants to A&B an exclusive, perpetual, irrevocable, paid-up and royalty-free license with the right to sub-license, subject to the terms and restrictions under this Agreement, to use the Licensed IP only for the purpose of the commercializing the PoNS Devices, Components and Services within the Territory and manufacturing the PoNS Devices solely for Territory, and A&B hereby accepts such right and license.

(d) Notwithstanding the foregoing, the license rights granted to A&B herein shall not include the right to directly or indirectly distribute, offer for sale, sell or otherwise provide (using any medium including, without limitation, personal interaction, by phone, facsimile, electronic mail or via the World Wide Web) PoNS Devices, Components and Services outside the Territory.

(e) As of the Effective Date, NHC shall neither have rights to, nor cause or assist any third party to import, manufacture, market, promote, distribute or sell PoNS Devices, Components and Services or analog products or services in the Territory without the prior written consent of A&B, nor resell, transfer, license, authorize or dispose of the Purchased Assets in any other ways.

(f) Both Parties shall establish and maintain a regular system for exchanging information related to the PoNS Device , Components or Services, including but not limited to safety information, commercial information. Upon the request of the other party and to the extent applicable, each Party shall supply to the other Party for information only and for liaison purposes of their development and commercialization in their respective Territory.

3. Excluded Assets. All assets of NHC, including without limitation the NHC Technology, that are not specifically included in the Purchased Assets (collectively, the "Excluded Assets") shall remain the sole property of NHC.

4. Assumed Liabilities. Except for the liabilities and obligations expressly set forth on Schedule 2 (such liabilities and obligations are referred to herein as the "Assumed Liabilities"). A&B shall not assume or be responsible for, and shall in no event be liable for any debts, liabilities or obligations of NHC, whether fixed or contingent, known or unknown, liquidated or unliquidated, suspected or unsuspected, material or immaterial, absolute or contingent, direct or indirect, secured or unsecured, or otherwise.

5. Excluded Liabilities. The Excluded Liabilities shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by NHC. “Excluded Liabilities” means all liabilities and obligations not expressly listed as Assumed Liabilities on Schedule 2 attached hereto.

6. Purchase Price; Payments and Closing.

(a) Subject to the other terms and conditions of this Agreement, A&B hereby agrees to pay NHC the following payments for the Purchased Assets:

(i) a per unit handling fee equal to [\*\*\*]% of the amount paid by A&B for each PoNS Device and Component purchased by A&B from NHC or its designated manufacturer to NHC subject to NHC fulfilling its obligation set forth in the terms of this Agreement ; and

(ii) One-Time Milestone Payment: [\*\*\*]% of A&B’s Net Sales during any single calendar year that such Net Sales reaches or exceeds three [\*\*\*] for the PoNS Device and Components in the Territory in such full calendar year after the Effective Date, which shall be payable by A&B to NHC within one month after the end of the applicable calendar year. By way of example, if A&B’s Net Sales in a given calendar year is [\*\*\*] and this is the first calendar year that A&B’s Net Sales has exceeded [\*\*\*], then the Milestone Payment is [\*\*\*]. This Milestone Payment is a one-time payment and a separate obligation and is part of the consideration that A&B shall pay to NHC for the Purchased Assets and license rights within the Territory to PoNS Devices, Components and Services provided in this Agreement.

(b) The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place on the Effective Date. The date on which the Closing is held is referred to in this Agreement as the “Closing Date.”

(c) A&B will purchase PoNS Devices and Components directly from NHC for commercialization within the Territory pursuant to the supply agreement to be entered into between A&B and NHC within a reasonable time prior to the anticipated launch time of PoNS Devices in the Territory.

(i) In no event shall such supply terms of the supply agreement be less favorable to A&B than the supply terms between NHC and its manufacturer.

(ii) The amount paid by A&B for PoNS Devices and Components shall be no more than the amount of the Manufacturer Price.

(iii) NHC shall supply the PoNS Devices and Components according to applicable laws, regulations and the specifications of the PoNS Devices and Components.

(iv) NHC shall supply the PoNS Devices and Components under the incoterms 2010 CIF/CIP designated city in the Territory.

(v) A&B shall, within a reasonable time prior to the anticipated launch date of PoNS Devices in the Territory, provide a forecast of PoNS Devices and Components it requires for at least six months following the launch, provided that the capacity of current contract manufacturer is likely to be insufficient, all Parties shall negotiate how to find a new replacement manufacturer or enlarge the capacity of current contract manufacturer.

(vi) In the event that (1) NHC or its contract manufacturer falls into or is likely to fall into bankruptcy, liquidation, insolvency or similar proceedings; or (2) NHC or its contract manufacturer fails to maintain necessary qualification for manufacturing the PoNS Devices or Components; or (3) NHC or its contract manufacturer lacks sufficient capacity to meet the market requirements in the Territory, or fails to supply the PoNS Devices or Components sufficiently and timely as required by A&B according to the supply agreement (except that such failure is due to A&B fails to make the relevant payment on time); or (4) NHC requires to increase the supply price of PoNS Devices or Components unilaterally; or any other circumstances the Parties may agree, A&B shall have the right to terminate the aforementioned supply agreement and enter into a new agreement with a new or replacement manufacturer without the prior consent of NHC. For further clarification, A&B shall appoint the new manufacturer with all necessary qualifications and conclude such supply agreement and change the manufacturer in strict compliance with applicable laws and regulations whilst NHC shall procure the transfer of manufacture including authorizing the new contract manufacturer upon the requirement of competent authorities according to this Section in a smooth and timely way.

7. Representations and Warranties of NHC. NHC hereby represents and warrants to A&B as follows:

(a) Organization and Authority. NHC is a Corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the full power and authority to enter into and to perform its obligations under this Agreement and to own and lease its assets and to operate the Business as it is currently being conducted. NHC is duly qualified or licensed to do business and is in good standing as a foreign company under the laws of each jurisdiction in which the conduct of the business of the Company requires such qualification.

(b) Authorization. The execution, delivery and performance by NHC of this Agreement has been duly authorized by all necessary action of NHC, its board of managers and members. For the avoidance of doubt, at least 80% of the board directors have approved the transaction including the license contemplated in this Agreement. This Agreement constitutes the valid and binding obligation of NHC, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, and subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(c) No Conflict. The execution, delivery and performance by NHC of this Agreement does not and will not (i) violate or conflict with the Certificate of Formation or Limited Liability Company Operating Agreement of NHC, and will not conflict with, or result in a breach or termination of or constitute a default under agreement, commitment or other instrument, or any order, judgment or decree, by which NHC is a party, or to which any of the Purchased Assets is subject; (ii) constitute a violation by NHC of any law, regulation, ordinance, order, writ, judgment, injunction, decree or other requirement of any Governmental Body applicable to NHC or any of NHC's properties; or (iii) result in the creation of any Lien upon any of the Purchased Assets. No consent, approval or authorization of, or designation, declaration or filing with, any Person is required in connection with the execution, delivery and performance of this Agreement. No license, permit or other authorization is required for A&B to operate the Purchased Assets.

(d) Title to Assets. NHC has and will transfer to A&B at the Closing, and at the Closing A&B will receive, good and marketable title to all of the Purchased Assets, free and clear of any Lien. There are no existing agreements, options, commitments or rights with, of or to any Person to acquire any of the Purchased Assets, or any interest therein, except in the ordinary course of business.

(e) APA Intellectual Property.

(i) Set forth on Schedule 1 is a true, correct, complete and complete list of all patent filings, description of copyrights, domain names, trademarks, service marks, trade names, and brand names included in the Purchased Assets and Schedule 3 is a true, correct, complete and accurate list of all know-how included in the Licensed NHC Technology, which shall enable, among other things, the manufacture of PoNS Devices and Components and the provision of the Services (All of the foregoing collectively referred to as "APA Intellectual Property"). NHC has taken all reasonable steps necessary to maintain and protect its right, title and interest in and to the APA Intellectual Property as are customary for companies engaged in the same or similar business.

(ii) NHC possesses all right, title, and interest in and to, and is the sole and exclusive owner of, or has a valid license to, the APA Intellectual Property or NHC has the right to use (via ownership or pursuant to license, sublicense, agreement or permission) the APA Intellectual Property in the operation of the Business as presently conducted. NHC has the legal right to transfer the Purchased Assets set forth in Schedule 1 free and clear of any Lien. As of the date of this Agreement, NHC has not received any written notice that its rights in the APA Intellectual Property have been declared unenforceable or otherwise invalid by any Governmental Body. No infringement, misuse or misappropriation of the APA Intellectual Property by a third party has come to the attention of any NHC, either orally or in writing. Furthermore, in particular, NHC warrants, to the best of its knowledge, that the Patent or Patent application in the Purchased Assets would not infringe any third party rights in the Territory, especially the existing [\*\*\*] and [\*\*\*] in the Territory.

(f) NHC covenants that, as of the Effective Date, NHC shall obtain any additional, required FDA approval or clearance or to satisfy any outstanding regulatory requirement due from the sponsor and commercially marketed the regulated technology to the point where the US Government may purchase the technology prior to 31 December 2017, unless NHC obtains the exemption of this obligation from US Army Medical Material Agency ("USAMMA") and US Army Medical Material Agency ("USAMMDA") under the "Cooperative Research and Development Agreement" between NHC and USAMMA and USAMMDA. Both Parties agree, NHC's breach of this Section will cause a devastating losses of A&B, and agrees to pay A&B a contract penalty of two (2) million US dollars in the event of breaching this Section, without prejudice to any other remedies A&B may be entitled under the applicable laws or this Agreement.

8. Representations and Warranties of A&B. A&B hereby represents and warrants to NHC that:

(a) Organization and Authority. A&B is a corporation duly organized and in good standing under the laws of Hong Kong, and has the full power and authority to enter into and to perform its obligations under this Agreement and to own and lease its assets and to operate the Business as it is currently being conducted and presently proposed to be conducted. A&B is duly qualified or licensed to do business and is in good standing as a foreign corporation under the laws of each jurisdiction in which the conduct of the business of A&B requires such qualification.

(b) Authorization. The execution, delivery and performance by A&B of this Agreement has been duly authorized by all necessary action of A&B, the A&B Board its shareholders. This Agreement constitutes the valid and binding obligation of A&B, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, and subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(c) No Conflict. The execution, delivery and performance by A&B of this Agreement does not and will not (i) violate or conflict with the Memorandum of Articles and Association of A&B, and will not conflict with, or result in a breach or termination of or constitute a default under agreement, commitment or other instrument, or any order, judgment or decree, by which A&B is a party, or to which any of the Purchased Assets is subject; (ii) constitute a violation by A&B of any law, regulation, ordinance, order, writ, judgment, injunction, decree or other requirement of any Governmental Body applicable to A&B or any of A&B's properties; or (iii) result in the creation of any Lien upon any of the Purchased Assets. No consent, approval or authorization of, or designation, declaration or filing with, any Person is required in connection with the execution, delivery and performance of this Agreement. No license, permit or other authorization is required for A&B to operate the Purchased Assets.

(d) Due Authorization. All corporate actions necessary for A&B to validly consummate this Agreement and the transactions contemplated by this Agreement have been taken.

(e) Validity of Agreement. This Agreement is a legal, valid, and binding agreement of A&B, enforceable against A&B in accordance with its terms, except as may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, and subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).



(f) No Violation. The consummation of the transactions contemplated by this Agreement will not violate any provision of A&B's organizational documents.

9. Device Supply, Regulatory Approval, Marketing, Distribution and Branding in the Territory

(a) Device Development and Supply Availability. The parties recognize and acknowledge that PoNS Devices are being developed presently and clinical versions of the Device are expected to be available in summer 2015 and commercial versions of the Device are tentatively estimated to be available for shipment in the fourth quarter of 2016. NHC shall undertake best efforts to make PoNS Devices available for commercialization by A&B within the Territory as soon as possible in accordance with this Agreement. A&B shall commercialize PoNS Devices and Components in accordance with the terms of this Agreement, as PoNS Devices and Components become available for commercialization by A&B.

(b) Survivability of NHC's Supply Obligation. Subject to Section 9(a), NHC's obligation to supply PoNS Devices and Components to A&B shall survive a merger, consolidation, sale, or other transfer of all or substantially all of the assets or business of NHC, such that the supply terms of this Agreement shall be fully binding upon a successor or assignee of NHC.

(c) Regulatory Approval of PoNS Device. A&B shall be solely responsible for taking all necessary steps and incurring all direct and incidental costs required to obtain regulatory approval of the PoNS Device for patient usage within the Territory, including performing any clinical studies and any other actions needed to obtain government and regulatory approval to distribute and sell PoNS Devices for patient use.

(d) Distribution of Product Information. After acquiring the Purchased Assets, A&B may at its own discretion distribute within the Territory to A&B's agents, sub-distributors and customers non-confidential product specifications and test data related to PoNS Devices. A&B shall execute written agreements with its distribution partners that bind such partners to the same confidentiality and intellectual property obligations as A&B has under this Agreement. Furthermore, A&B shall bind such partners not to commercialize the PoNS Device or Components OUTSIDE the Territory, if any partner of A&B fails to abide by this Section, A&B shall immediately rescind any authorization or license it has given to such partners.

(e) Distribution Solely within the Territory. After acquiring the Purchased Assets, A&B may at its own discretion distribute within the Territory through its agents and sub-distributors appointed by A&B. A&B may execute written agreements ("Distribution Agreements") with its distribution partners; provided, that any such Distribution Agreement shall (i) bind such partners to the same confidentiality, intellectual property and territoriality obligations as A&B has under this Agreement, (ii) expressly restrict and limit A&B's distribution partners to distribution, sales and use by third parties of Devices solely within the Territory and prohibit any activity for such Devices outside the Territory, (iii) require that any agreement any such distribution partner may enter into regarding any rights granted or otherwise described in a Distribution Agreement contain the restrictions set forth in this Section 9(f), if any distributor of A&B fails to abide by this Section, A&B shall immediately rescind any authorization or license it has given to such partners.

(f) License to NHC Intellectual Property Rights. Solely for the purposes of this Agreement, NHC hereby licenses to A&B (pursuant to Section 3), exclusively within the Territory, the right to use the NHC Technology specified in Schedule 3 in connection with its promotion, distribution and sales of PoNS Devices, Components and Services within the Territory, and within or outside the Territory, to use the NHC Technology specified in Schedule 3 in connection with the manufacture of PoNS Devices and Components solely for the Territory.

(g) PoNS Branding Strategy. NHC has developed and will continue to develop a PoNS branding strategy in connection with its manufacture, promotion, distribution and sales of PoNS Devices, Components and Services around the world. A&B will take into consideration and discuss with NHC of the PoNS branding strategy using the Purchased Trademarks in the Territory to leverage the goodwill associated with the NHC's trademarks outside the Territory that constitute the PoNS brand. A&B acknowledges and agrees that the NHC trademarks are the sole property of NHC and that its use of the Purchased Trademarks within the Territory in connection with promotion of PoNS Devices does not create any right, title or interest in A&B to the NHC trademarks outside the Territory. A&B agrees to refrain from registering, opposing or otherwise challenging, directly or indirectly, the NHC trademarks anywhere in the world.

(h) Marketing Best Efforts by A&B. Following regulatory approval in the Territory, A&B shall diligently market and promote PoNS Devices to generate first commercial sales. A&B shall use its best efforts to diligently market, promote, distribute and sell PoNS Devices, Components and Services within the Territory throughout the term of this Agreement.

10. Further Agreements of the Parties.

(a) Discharge of Excluded Liabilities. At or prior to the Closing, NHC shall discharge all obligations and liabilities relating to the Excluded Liabilities that are then due and payable, and after the Closing NHC shall promptly pay all other Excluded Liabilities as they become due and payable. At the Closing, NHC shall provide A&B with such evidence as A&B shall reasonably request indicating that NHC has discharged the Excluded Liabilities.

11. Right to Manufacture Devices and Components within the Territory. Subject to the path of realizing Territory MA in the Territory, A&B is entitled to manufacture PoNS Devices and Components within the Territory for two purposes: (i) for A&B to distribute the PoNS Devices and Components solely within the Territory or (ii) for A&B to provide to NHC as one of its manufacturers PoNS Devices and Components pursuant to purchase orders issued by NHC. A&B shall be required to implement manufacturing processes that are consistent with other approved NHC manufacturers, compliant with FDA requirements and with the standards of other relevant regulatory authorities in major consumer markets worldwide. At the appropriate time, NHC and A&B shall establish a technology transfer plan to (x) identify members of a working group that will be responsible for establishing the A&B manufacturing process, (y) specify a working group schedule of activities and deadlines and (z) describe in detail all diagrams, schematics, parts lists, equipment and other items within the Licensed NHC Technology needed by A&B to manufacture Devices and Components within the Territory. Notwithstanding the foregoing, NHC shall retain the right to manufacture or have manufactured anywhere in the world other than within Territory PoNS Devices and Components for its own purposes, provided that NHC agrees not to promote, sell or otherwise distribute Devices or Components to end users within the Territory during the term of this Agreement. The parties shall work diligently to negotiate the terms and conditions of a definitive manufacturing agreement including the supply price on an equitable and fair basis when mutually convenient.

(a) Regulatory Approval and Compliance with Laws. A&B shall be solely responsible for obtaining regulatory approval of the PoNS Device in the Territory. A&B shall comply with all applicable federal, provincial, state and local laws, ordinances, codes, rules, regulations and orders of all governmental authorities related to the regulatory approval process for the PoNS Device and A&B's marketing, promotion, distribution and sales of PoNS Devices within the Territory, as they are presently in effect and as they may be revised or supplemented from time to time.

(b) A&B's Best Efforts. A&B shall use its best efforts to obtain regulatory approval of, market, promote, distribute and sell PoNS Devices within the Territory as contemplated by this Agreement. A&B shall work diligently to identify the market for PoNS Devices in the Territory and shall communicate its findings to NHC regularly to enable NHC to forecast and supply sufficient quantities of PoNS Devices to A&B.

(c) Product Information. A&B shall provide NHC with any technical information, assistance and know-how it develops with respect to PoNS Devices in connection with the regulatory approval process and A&B's marketing, promotion, distribution and sale of PoNS Devices. A&B shall update such information throughout the term of this Agreement and apprise NHC of and provide to NHC such updated information at such times and in such manner as shall be agreed upon by the parties.

(d) Improvements. Each party shall inform the other party in writing of any improvements to the PoNS Device, Components or Services developed by or for such party. With respect to any improvements to the Services, each party hereby grants a perpetual, irrevocable, worldwide, royalty-free right and license to the other party to use the improvements in connection with the manufacture, marketing, promotion, distribution and sales of PoNS Devices with each Party's respective territory. With respect to any improvements to the PoNS Device or Components developed by or for A&B, A&B grants a perpetual, irrevocable, worldwide, royalty-free right and license to NHC outside the Territory to use the improvements in connection with the manufacture, marketing, promotion, distribution and sales of PoNS Devices outside the Territory. With respect to any improvements to the PoNS Device or Components developed by or for NHC, NHC grants a perpetual, irrevocable, worldwide, royalty-free right and license to A&B within the Territory to use the improvements in connection with the manufacture, marketing, promotion, distribution and sales of PoNS Devices inside the Territory. In addition, A&B agrees to assign all right, title and interest in any patent rights and copyrights outside the Territory in any such A&B improvements to NHC, and NHC agrees to assign all right, title and interest in any patent rights and copyrights inside the Territory in any such NHC improvements to A&B. Each party agrees to cooperate with the other party by signing any documents required to perfect, register or maintain its patent rights and copyrights in its respective territory.

(e) Proprietary Notices. A&B shall not remove, alter or obscure any trademark, copyright or other proprietary marking or notice on or within the PoNS Device, Components or related product information supplied by NHC.

13. Certain Responsibilities of NHC

(a) Regulatory Approval and Compliance with Laws. NHC shall be solely responsible for obtaining regulatory approval of the PoNS Device in the United States. NHC shall comply with all applicable federal, provincial, state and local laws, ordinances, codes, rules, regulations and orders of all governmental authorities related to the regulatory approval process for the PoNS Device in the US, as they are presently in effect and as they may be revised or supplemented from time to time.

(b) Product Information. NHC shall provide A&B with such technical information, assistance and know-how with respect to PoNS Devices as may be necessary in connection with the regulatory approval process and A&B's marketing, promotion, distribution and sale of PoNS Devices as contemplated by this Agreement. NHC shall update such information throughout the term of this Agreement and apprise A&B of and provide to A&B such updated information at such times and in such manner as shall be agreed upon by the parties.

(c) Product Changes. NHC shall provide A&B with thirty (30) days advance written notice of any changes NHC plans to make to the PoNS Device or its specifications, both Parties shall negotiate in good faith and reach an agreement on such changes.

14. Ownership. As between the parties, A&B acknowledges that NHC is the owner or licensee of the Intellectual Property Rights and the NHC Technology in the PoNS Devices and Components, unless otherwise stated in this Agreement. A&B further acknowledges that NHC is the owner of any improvements developed by or for NHC to the PoNS Device or Components. A&B is the owner of any improvements developed by or for A&B to the PoNS Device, Components or Services. A&B agrees to refrain from registering, opposing or otherwise challenging, directly or indirectly, any Intellectual Property Rights owned or licensed by NHC anywhere in the world.

15. Patent Prosecution and Enforcement.

(a) Patent Prosecution. A&B shall be solely responsible for the preparation, filing, prosecution and maintenance of all patent, trademark and copyright applications and registrations (the "Prosecution Activity") related to the Purchased Assets within the Territory.

(b) Patent Enforcement. Each party shall promptly notify the other in writing of any alleged infringement by third parties of any licensed patent, trademark or other Intellectual Property Right and provide any information available to that party relating to such infringement. A&B shall have the right, but not the obligation, to take action to secure the cessation of any infringement or to bring suit against the infringer in the Territory. Any such action will be solely at A&B's expense. No settlement, judgment or other disposition (collectively, "Disposition") of a suit regarding the Licensed IP being prosecuted by A&B within the Territory may be entered into without the consent NHC if such Disposition would alter, derogate or diminish such other party's rights under this Agreement or would invalidate or restrict NHC's Intellectual Property Rights in any respect, whether within or outside of the Territory.

(c) For the avoidance of doubt, in no event shall A&B have any rights to, and shall not, (i) prepare, file, prosecute or maintain any patent, trademark, copyright or other Intellectual Property Right outside of the Territory or (ii) take action with respect to any potential infringement outside of the Territory.

16. Confidentiality.

(a) Confidential Information. The term "Confidential Information" shall mean all information and materials, in whatever form, and whether disclosed orally, in writing or otherwise, pertaining to the business, finances, technology (including NHC Technology), research and development activities, engineering, manufacturing, marketing and current or proposed products of NHC that is identified or would reasonably be understood by A&B as being proprietary or confidential.

(b) Exceptions. Confidential Information shall not include information which (i) was in A&B's possession without confidentiality restriction prior to disclosure by NHC hereunder; (ii) at or after the time of disclosure by NHC becomes generally available to the public through no act or omission on A&B's part; (iii) is developed by A&B independently of and without reference to any Confidential Information it receives from NHC or (iv) has come into the possession of AND without confidentiality restriction from a third party and such third party is under no obligation to NHC to maintain the confidentiality of such information.

(c) Agreement to Maintain Confidentiality. Both Parties acknowledges the confidential and proprietary nature of the Confidential Information and agrees (i) to hold the Confidential Information in confidence and to take all reasonable precautions to protect such Confidential Information (including, without limitation, all precautions each party employs with respect to its own confidential materials) and (ii) not to divulge the Confidential Information to any third person, or to make any use whatsoever of the Confidential Information, except as expressly authorized in this Agreement. Each party shall limit disclosure of Confidential Information received from the other Party to those employees, agents, consultants or subcontractors whose use of or access to the Confidential Information is necessary to carry out such Party's obligations under this Agreement, or to enable such Party to exercise the rights granted to it hereunder, and who have been advised of the confidential nature of the Confidential Information and are under an express written obligation to maintain such confidentiality. Confidential Information provided or communicated to the receiving Party shall remain the property of the disclosing Party, unless otherwise agreed in this Agreement.

(d) Judicial Order. In the event that each Party is ordered to disclose the other Party's Confidential Information pursuant to a judicial or government request, requirement or order, such Party shall promptly notify the other Party and shall take reasonable steps to assist the other Party in contesting such request, requirement or order or in otherwise protecting the other Party's rights prior to disclosure.

(e) Reproduction and Return of Confidential Information. A&B agrees not to reproduce or copy by any means Confidential Information, except as reasonably required to accomplish the purposes of this Agreement

(f) Injunctive Relief. In view of the difficulties of placing a monetary value on the Confidential Information, each Party shall be entitled to seek injunctive relief without the necessity of posting any bond or undertaking in connection therewith to prevent any further breach of this Section 16 or further unauthorized use of its Confidential Information. This remedy is separate from any other remedy each Party may have.

17. Term and Termination.

(a) Term. This Agreement shall become operative on the Effective Date. This Agreement shall remain in full force and effect until all obligations under this Agreement are fully performed and discharged or otherwise written agreed by the Parties. Upon any such termination the licenses granted to the A&B under this Agreement shall become fully paid up and still perpetually valid and free of further payment to NHC.

(b) A&B shall have the right at any time to terminate this Agreement because it has decided, for whatever reason, that it no longer wishes to develop and/or commercialize the PoNS Device in the Territory, nor desire to sell, transfer or dispose of the Purchased Assets in any other ways to any third party. Such right of termination shall be exercised by A&B by giving not less than six (6) months prior written notice to NHC. Upon any such termination (i) NHC's license rights granted to A&B under this Agreement shall continue but only with respect to PoNS Devices and Components sold by or for A&B within the Territory to end users and for PoNS Devices and Components in inventory that A&B plans to sell within the Territory to end users; (ii) any NHC's obligation to supply the PoNS Device to A&B shall cease ; and (iii) A&B and NHC shall promptly negotiate in good faith the terms of an agreement by which A&B sells back to NHC the Purchased Assets and any A&B Improvements. Notwithstanding the aforesaid provisions, when A&B decides not to commercialize the PoNS Device in the Territory but desires to sell, transfer or dispose of the Purchased Assets in any other ways, (i) NHC's license rights granted to A&B under this Agreement shall continue perpetually (ii) A&B can at its own discretion determine whether any NHC's obligation to supply the PoNS Device to A&B shall cease or not, and (iii) A&B shall take NHC into consideration as the potential purchaser or cooperation partner, NHC have the priority against any third party to be the purchaser or cooperation partner under the same commercial terms and conditions.

(c) NHC shall have no right to terminate this Agreement by reason of the breach by A&B of any of the provisions of this Agreement. Instead, NHC shall have (i) the right to pursue a claim to recover damages against the A&B in proceedings under Section 22 and (ii) shall have the right to pursue any other remedies available to NHC specified in this Agreement or by law.

(d) Rights After Termination. Termination of this Agreement for any reason will not release any party hereto from any liability which, at the time of such termination, has already accrued to the other party or which is attributable to a period prior to such termination, nor preclude either party from pursuing any rights and remedies it may have hereunder or at law or in equity which accrued or are based upon any event occurring prior to such termination. The rights provided for in this Section 17(d) will be in addition and without prejudice to any other rights which the parties may have with respect to any breach or violations of the provisions of this Agreement.

18. No Consequential Damages. TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS RESPECTIVE AFFILIATES BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, OR PUNITIVE DAMAGES, WHETHER IN CONTRACT, WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE OR CLAIMS OF CUSTOMERS OF ANY OF THEM OR OTHER THIRD PARTIES FOR SUCH DAMAGES.

19. Survival of Certain Provisions. All of the representations and warranties in this Agreement will survive the execution of this Agreement and the consummation of the transactions contemplated by this Agreement and any investigations by any of the parties with respect to them.

20. Indemnification.

(a) NHC agrees to promptly on demand indemnify, defend and hold harmless A&B and its Affiliates, and their respective stockholders, members, partners, managers, officers, directors, employees, consultants, representatives, controlling persons, counsel, agents, successors and assigns (collectively, "A&B Indemnified Persons"), from and against, and will pay to any A&B Indemnified Person the amount of, any and all losses, claims, demands, actions, damages, penalties, liabilities, obligations, charges, deficiencies, Taxes, interest, penalties, settlement payments, costs and expenses of every kind whatsoever (including, without limitation, costs of investigating, preparing or defending any such claim or action and reasonable legal fees and disbursements), as and when incurred, whether involving a third party or between the indemnifying and indemnified parties arising from (a) any breach or inaccuracy of any representation or warranty of NHC contained herein, (b) any failure of NHC to comply with, or any breach or non-fulfillment by NHC of, any covenant, agreement or obligation of NHC set forth in this Agreement, (c) the Excluded Liabilities or the failure by NHC to pay, perform or discharge when due any of the Excluded Liabilities or (d) any third party claim (including any claim alleging personal injury or property damage), suit or proceeding (a "Third Party Action") brought against A&B in the Territory arising out of or in connection with the production or manufacture of, or a defect in, any PoNS Device purchased from NHC and shall pay all costs and damages that a court finally awards against A&B in such Third Party Action or that are agreed to in settlement of the claim; provided that, in the event of a Third Party Action, A&B (i) promptly notifies NHC of such Third Party Action; (ii) gives NHC sole control over the defense and settlement thereof, including all negotiations related thereto; and (iii) provides NHC with full authority, information and assistance necessary to defend such Third Party Action. A&B shall have the right to approve any settlement of the claims brought against it, which approval shall not be unreasonably withheld, and shall provide NHC with reasonable assistance in connection with NHC's defense of such claims. Without limiting the foregoing, if the PoNS Device becomes the subject of an infringement claim in the Territory, then, in addition to the obligations set forth above, NHC (within its sole discretion) shall have the right but not the obligation to either (x) obtain for A&B the right to continue the marketing, promotion, distribution or sales of PoNS Devices in the Territory as herein provided on commercially reasonable license terms; (y) replace or modify the PoNS Device so that it becomes non-infringing in the Territory but functionally equivalent. Notwithstanding the foregoing, NHC shall have no indemnity obligation to A&B for Third Party Actions arising from: (1) Device specifications provided by or Device features requested by A&B that have been incorporated into PoNS Devices, (II) use of the PoNS Device with other hardware, software or equipment that is not agreed by NHC, (III) use of the PoNS Device or Components outside of the Territory unless such PoNS Devices are sold directly or indirectly by A&B to its Customer in the Territory subject to the terms and conditions of this Agreement, or (IV) A&B's failure to implement an update or change to the PoNS Device within reasonable time upon the written request by NHC that would have caused the Device to be outside the scope of the Third Party Action.

(b) A&B agrees to promptly on demand indemnify, defend and hold harmless NHC and its Affiliates and their respective stockholders, members, partners, managers, officers, directors, employees, consultants, representatives, controllers persons, counsel, agents, successors and assigns (collectively, “NHS Indemnified Persons”), from and against, and will pay to any NHC Indemnified Persons the amount of, any and all losses, claims, demands, actions, damages, penalties, liabilities, obligations, charges, deficiencies, Taxes, interest, penalties, settlement payments, costs and expenses of every kind whatsoever (including, without limitation, costs of investigating, preparing or defending any such claim or action and reasonable legal fees and disbursements), as and when incurred, whether involving a third party or between the indemnifying and indemnified parties arising from any defect in any PoNS Device or Component manufactured by A&B in the Territory or any other third Party appointed by A&B.

21. Publicity. Neither Party shall issue any press release, trade announcement or make any other public announcement with regard to the transactions contemplated by this Agreement without the other Party’s prior written consent, which shall not be unreasonably withheld. Where consent is forthcoming, the Parties agree to consult with each other regarding the content of any such press release or other announcement. This aforementioned restriction shall not apply to announcements required by any Regulatory Authority, stock exchange or Governmental Body. To the extent that any Party is required to file a copy of this Agreement as an exhibit to any filings with any Governmental Body, the Parties will coordinate and agree on the form of redacted version of this Agreement to be so filed.



22. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be construed and enforced in accordance with the laws of the State of Delaware as applied to agreements between Delaware residents entered into and to be performed entirely within the State of Delaware. The jurisdiction and venue in any action brought by any party hereto pursuant to this Agreement shall properly lie in any federal or state court located in the City, County and State of Delaware.

(b) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. Therefore, to achieve the best combination of the benefits of the judicial system and of arbitration, the parties hereto waive all right to trial by jury in any action, suit or proceeding brought to enforce or defend any rights or remedies under this agreement or any documents related hereto.

23. Miscellaneous Provisions.

(a) Force Majeure. Neither party will be liable for non-performance or delays due to causes beyond their respective control, including, but not limited to, acts of God, wars, strikes, fires, floods, earthquakes, labor disputes, transportation embargoes, and acts of any governmental agency, terrorism or bio-terrorism. In the event of such delays, the parties will use their diligent and good faith commercially reasonable efforts to establish new scheduled delivery dates that will minimize the impact of such delays. The non-delaying party may terminate this Agreement if the non-performance or delays continues in effect for longer than 30 consecutive calendar days. In such event, A&B's liability for payment will be limited to payment for the PoNS Device delivered prior to such termination.

(b) Independent Contractors. Each party is an independent contractor. This Agreement will not constitute an appointment of the other party as the legal representative or agent of the other party, nor will either party have any right or authority to assume, create or incur any obligation or other liability of any kind, express or implied, against, in the name or on behalf of, the other party. Nothing herein or in the transactions contemplated by this Agreement will be construed, or deemed to be, the formation of a partnership, association, joint venture or similar entity by or among the parties hereto. Neither party will make any warranties or representation on the other party's behalf, nor will it assume or create any other obligations on the other party's behalf.

(c) Assignment. This Agreement or any part hereunder shall be assignable or transferred by either Party to any third party with prior written notice to the other Party provided that the assignor shall procure the assignee strictly perform this Agreement.

(d) Survival of Change of Control. This Agreement would survive any change of control of NHC. NHC shall notify A&B in writing within a reasonable time prior to the occurrence of such change of control, and procure that the new holder of NHC undertakes commitments to perform this Agreement continuously.

(e) Cumulative Remedies. All rights and remedies, whether conferred by this Agreement or by any other instrument or by law shall be cumulative, and may be exercised singularly or concurrently.

(f) Severability of Provisions. If any term, clause, word, condition, provision or agreement in this Agreement or the application thereof or any portion thereof to any person or circumstance, will be held invalid, void or unenforceable, the remainder of the term, clause, word, condition, provision or agreement and the application thereof will remain in full force and effect, and the invalid, void or unenforceable term, clause, word, condition, provision or agreement will be reformed to the extent possible in order to give its intended effect and/or meaning.

(g) Further Assurances/Cooperation. At any time or from time to time on and after the date of this Agreement, each party agrees to (i) deliver to the other party such records, data or other documents consistent with the provisions of this Agreement, (ii) execute, and deliver or cause to be delivered, all such consents, documents or further instruments of transfer or license, and (iii) take or cause to be taken all such actions, as each party may reasonably deem necessary or desirable in order for such party to obtain the full benefits of this Agreement and the transactions contemplated hereby.

24. Notices. All notices, communications and deliveries hereunder shall be made in writing signed by or on behalf of the party making the same and shall be delivered personally or by fax, electronic mail or sent by registered or certified mail (return receipt requested) or by any national overnight courier service (with postage and other fees prepaid) as follows:

If to NHC:                   Philippe Deschamps  
                                      President & CEO  
                                      41 University Drive Newtown PA, 18940  
                                      pdeschamps@heliusmeidcal.com  
                                      614 596 2597

with a copy to:

Proskauer Rose  
One International Place  
100 Oliver Street  
Boston, Massachusetts  
Attn: Joseph A. Capraro  
Fax: (617) 526-9800  
email: jcapraro@proskauer.com

If to A&B to: Zhang Lingyan  
Director of Strategic Development and Investment  
8/F, Bldg. A, Tongfang Information Harbor, No. 11  
Langshan Road, Shenzhen Hi-tech Industrial Park  
North, Nanshan District, Shenzhen 518057, P. R.  
China  
lingyan@cms.net.cn

with a copy to:

Peng Huaizheng  
Director  
Tudor House, 62St John's Road, Petts Wood,  
Orpington, UK.  
[huaizhengpeng@cms.net.cn](mailto:huaizhengpeng@cms.net.cn)

or to such other representative or at such other address of a party as such party hereto may furnish to the other parties in writing. Any such notice, communication or delivery shall be deemed given or made (a) on the date of delivery if delivered in person (by courier service or otherwise), (b) upon transmission by facsimile or electronic mail if receipt is confirmed by telephone, provided transmission is made during regular business hours, or if not, the next business day, or (c) on the fifth business day after it is mailed by registered or certified mail.

25. Entire Agreement. This Agreement and the exhibits and schedules referred to herein sets forth the entire intent of and understanding between the parties with respect to the subject matter of this Agreement and supersedes all prior discussions, negotiations and agreements between them. The parties shall not be bound by any agreement or representation other than as expressly provided herein or as subsequently set forth in writing and executed by each party. The schedules hereto are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement.

26. Counterparts. This Agreement may be executed in two counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. This Agreement may be executed by facsimile signatures.

27. Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person other than the parties hereto and the A&B Indemnified Parties and their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or to result in such Person being deemed a third party beneficiary of this Agreement.

28. Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The parties have participated jointly in the negotiation and drafting of this Agreement. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party hereto. In the event an ambiguity or question of intent or interpretation arises, the Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

29. Interpretation. Whenever the context may require, any pronouns used in this Agreement (including the schedules and exhibits hereto) shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa. References to Sections refer to sections of this Agreement. Similarly, references to Schedules and Exhibits refer to schedules and exhibits, respectively, attached to this Agreement. Unless the context requires otherwise, words such as “hereby,” “herein,” “hereinafter,” “hereof,” “hereto,” “hereunder” and words of like import refer to this Agreement.

30. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience of reference only and shall not to be used or considered in construing or interpreting this Agreement.

31. Amendments and Waivers. Any term of this Agreement may be amended only with the consent of each of the parties hereto. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the party to be charged.

32. Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, the parties shall be entitled to specific performance of the agreements and obligations of the other parties hereunder and to such other injunctive or other equitable relief as may be granted by a court of competent jurisdiction.

33. Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by any other party under this Agreement, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on any party’s part of any breach, default or noncompliance under this Agreement, or any waiver on such party’s part of any provisions or conditions of the Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or otherwise afforded to any party, shall be cumulative and not alternative.

**[END OF TEXT, SIGNATURE PAGE FOLLOWS.]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first written above.

A&B (HK) COMPANY LIMITED

By: /s/ Lam Kong

Name: Lam Kong

Title: Director

NEUROHABILITATION CORPORATION

By: /s/ Philippe Deschamps

Name: Philippe Deschamps

Title: President & CEO

**Purchased Assets**

1. For the purpose of this Agreement, the Purchased Assets include but not limited to:

- (a) all authorizations, licenses, certificates or approvals relating to the PoNS Devices, Components and Services for the Territory issued by the competent regulatory authorities, including but not limited to an independent duplicate of the Regulatory Approval for the Territory in respect of the PoNS Device issued by FDA or other Supervisory Authorities in the US; Marketing Authorization in the Territory (including China Registration Certificate for Medical Device etc.)("Territory MA"), and all titles, rights, benefits or other interests based on such authorizations, licenses, certificates or approvals, as detailed in Section 2 of this Schedule.
- (b) The right to manufacture the PoNS Device and Components for the Territory, as well as the Manufacturing Technology of the PoNS Device, Components and Services exclusively related to the Territory (including the Manufacturing Technology for Components); for the avoidance of doubt, Technology non-exclusively related to the Territory shall be excluded from the Purchased Assets and be licensed according to this Agreement.
- (c) All titles, rights, benefits or other interests to the Intellectual Property Rights related to the PoNS Device, Components and Services in the Territory, including but not limited to Patents, Patent application, trademarks, trademarks application, copy rights, as detailed in Section 3 of this Schedule.
- (d) Copies of all data, books, records, commercial information, medical information and other information which are related exclusively to and necessary for the manufacture of the PoNS Device, Components and Services for the Territory and commercialization of the PoNS Device in the Territory.

2. A&B at its own discretion can choose one of the following modes to realize its interests in the MA of the Purchased Assets:

MODE I: Import License Application. After the PoNS Device is authorized by FDA to be marketed in the USA, A&B will at its own costs apply for the registration of the PoNS in the Territory via the path of Import License Application, under which circumstances, the Purchased Assets mentioned in Section 1 (a) shall include but not limited to China Registration Certificate for Medical Device ("Territory MA"), and the Regulatory Approval issued by FDA for the market of Territory, etc., and all titles, rights, benefits or other interests based on such authorizations, licenses, certificates or approvals; and, both Parties hereby agree, that (1) A&B shall have full beneficial ownership of, whilst NHC shall be the nominal holder of, the China Registration Certificate for Medical Device, and the Regulatory Approval issued by FDA for the market of Territory, and the Parties will enter into an Entrustment Agreement regarding entrustment of the certificates herein; and (2) NHC shall be responsible for maintaining the Regulatory Approval issued by FDA at its own expenses; and (3) NHC shall, as required by A&B from time to time, provide A&B with all documentations including but not limited to the Regulatory Approval issued by FDA that are necessary for A&B to register for and/or maintain the Territory MA.

Notwithstanding the foregoing, to the extent practicable by law, A&B shall have the right, at its own discretion and at its own expenses, request NHC to apply for another independent Marketing Authorization for the Product in another Trade name or Trademark owner by A&B in the USA for the market of Territory on behalf of and for the benefits of A&B, and such independent Marketing Authorization for the market of Territory shall be the propriety of A&B or its designated company (for the avoidance of doubt ,such independent Marketing Authorization are only used for the maintenance of the Territory MA).

MODE II: Registration of New Medical Device in the Territory (Localization of the PoNS Device). A&B may at its own discretion at the time it deems appropriate apply for the registration of the PoNS in the Territory via the path of Registration of New Medical Device. A&B shall have the right to manufacture the Product in the Territory and only for the Territory; A&B shall be solely responsible for obtaining corresponding Marketing Authorization in the Territory itself and shall thus be the owner of such MA, which includes but not limited to China Registration Certificate for Medical Device (“Territory MA”) and Manufacturing License, as those terms are defined by regulatory authorities in the Territory; NHC shall reasonably cooperate with A&B by, including but not limited to: (1) providing any and all information necessary for A&B to obtain MA itself within the Territory, including, without limitation, all registration documentation and dossiers, the NHC Technology; (2) agreeing to provide reasonably necessary instructions and a reasonable amount of technology support and training as A&B may request. Upon the request of A&B, NHC shall provide all dossiers, documentations, information, instructions within one month from the request date of A&B, which is sufficient and complete for A&B to apply for the Territory MA as mentioned above.

3. (a) Patent Rights to be transferred include but not limited to those applied in the Territory in the below table and those will be applied in the Territory based on those non-Territory patents or patents application in the below table:

Internal Reference #	Title	Serial #	Issue Date	Patent #	Filing Date	Status	Country
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]

\*A&B has the right to file patent applications in the Territory that claim priority to the non-Territory Patents or pending non-Territory patent applications listed above. If A&B’s right to file is unavailable due to the limitation of applicable laws or regulations or requirements of competent authorities, upon the written request of A&B, NHC shall file patent applications in the Territory that claim priority to the non-Territory Patents or pending non-Territory patent applications listed above in its own name and transfer such patent application or patent rights to A&B immediately whenever permissible by applicable laws or regulations or requirements of competent authorities. A&B shall pay any costs incurred by NHC in connection with the filing and transfer of such patent applications or patent rights to A&B.

(b) Trademark Rights in the Territory to be transferred including but not limited to:

Reference #	First Use Date	Filing Date	Mark	Serial #	Country
***	***	***	***	***	***

- (c) Copyrights in the Territory to be transferred include the materials related to the PoNS Device, Components or Services such as user guides, manuals, marketing materials, computer programs and registrations and any applications for registration.
- (d) As required by A&B, NHC shall, immediately and in all events within one month, execute all further documents provided by A&B to complete the transfer of the intellectual property rights as stipulated above in the Territory, or if applicable, file patent applications in the Territory that claim priority to the pending U.S. patent applications listed above in the name of A&B, within one month from receiving the relevant documents.



**Assumed Liabilities**

None

Licensed NHC Technology

**Schedule 3 will be updated as information becomes available in the development process to the commercial device. These will be provided promptly to A&B by electronic transfer or any other medium best suited for the transfer of the information.**

### **Technical Documentation Required for a Design History File or Technical File**

- 1. Category: Design & Development Planning**
  - Roles and Responsibilities Documents
  - Program Schedules
  - Software Development and Configuration Plans
- 2. Category: Design Inputs**
  - System Design Specifications
  - Software Requirements Specifications
- 3. Category: Essential Requirements**
  - Essential Requirements Checklist
- 4. Category: Design Outputs**
  - Bill of Materials
  - Component, subassembly, and final assembly drawings
  - Hardware design documents
  - Software design documents and code implementations
  - Material specifications
  - Production specifications
  - Inspection reports
  - Packaging requirements
  - Labeling
  - Instructions for Use
- 5. Category: Design Reviews**
  - Design Review Forms
  - Software Technical Review Forms
- 6. Category: Design Verification**
  - Master Verification Plan and Reports
  - Traceability Matrix

- Software Verification Plan and Report
- Software Traceability Matrix
- Functional, Performance, and Software Testing protocols and reports
- Human Factors / Usability Reports

**7. Category: Design Validation**

- Master Design Validation Plan and Report
- Clinical Study Reports
- Software Validation
- Literature Reviews

**8. Category: Design Transfer / Process Validation**

- Master Process Validation Plan and Report
- Process Validation (IQ/OQ/PQ)
- Manufacturing Procedures and Travelers
- Inspection Records
- Device Master Record
- Equipment Logs and Calibration Plans

**9. Category: Risk Management**

- Risk Analysis
- Use Failure Mode Effects Analysis (UFMEA)
- Design Failure Mode Effects Analysis (DFMEA)
- Process Failure Mode Effects Analysis (PFMEA)
- Software Risk Analysis

**10. Category: Regulatory**

- Letters for File
- Regulatory approvals for human subject studies
- Regulatory clearance/approval for market entry
- Declaration of Conformity

Both Parties acknowledge that as of the Effective Date, the NHC Technology is under further development and shall be supplemented and updated whenever any new Technology is developed.

## CONVERTIBLE PROMISSORY NOTE

PRINCIPAL USD\$2,000,000

(THIS NOTE REPRESENTS THE FIRST TRANCHE OF USD\$2,000,000 DRAWN DOWN FROM THE USD\$7,000,000 CREDIT FACILITY PROVIDED BY THE LENDER TO THE BORROWER SIGNED BETWEEN THE LENDER AND THE BORROWER.)

October 9, 2015

## 1. PROMISE TO PAY

For value received, the undersigned HELIUS MEDICAL TECHNOLOGIES, INC. (the “**Borrower**”) promises to pay to A&B (HK) Company Limited (the “**Lender**”) at Unite 2106, 21/F Island Place Tower No. 510 King’s Road North Point, Hong Kong, or at such other place as the Lender may direct in writing, the aggregate principal sum of Two Million Dollars (USD\$2,000,000) in lawful money of the United States of America (the “**Principal Amount**”) in the manner hereinafter provided, together with interest in the same currency which may from time to time be owing hereunder or pursuant hereto.

## 2. DUE DATE

The Principal Amount then outstanding under this Note together with all accrued interest shall be due and payable six (6) months from the date of signing (the “**Maturity Date**”):

## 3. SENIORITY

This Note shall rank pari passu to all other present and future unsubordinated and unsecured senior indebtedness of the Borrower.

## 4. INTEREST

The Borrower shall pay the Lender interest (the “**Interest**”) on the Principal Amount outstanding from time to time at a rate of 6.0% per annum. Interest shall be calculated on the basis of the actual number of days elapsed, payable in arrears not in advance, on the basis of a 365-day year. The Borrower shall pay the Lender accrued and unpaid interest in cash of the Borrower at the Maturity Date unless such Note has been converted into common shares according to this document prior to the Maturity Date.

## 5. PREPAYMENT

(a) *Mandatory Prepayment.*

In the event of a change in control prior to the conversion of the Note, the outstanding principal amount of this Note, plus all accrued and unpaid interest, in each case that has not otherwise been converted into common shares pursuant to this document, shall be due and payable immediately prior to the closing of such change in control.

- (b) *Voluntary Prepayment.* Except as provided in Section 5(a) above, the principal amount or interest accrued on this Note may not be prepaid prior to the Maturity Date without the written consent of the Lender.

## 6. CONVERSION OF NOTE

Both parties agree, upon the signature of this document, the Borrower shall undertake best efforts to convert all of the Principal Amount and accompanying accrued Interest then outstanding under this Note into common shares (“Shares”) of the Borrower at a conversion price equal to USD\$0.96 (the “**Conversion Price**”) as soon as possible.

Both parties further agree, upon the conversion of the Note, the Borrower shall issue another warrant certificate to the Lender, according to which, the Borrower issue the common share purchase warrants at the quantity of half of the Shares issued to the Lender (“Warrant”). Each Warrant shall entitle the holder to purchase one (1) additional Share from the Borrower at a price of USD \$1.44 per Share for a period of three (3) years from the date of issuance of the Shares and Warrants (the “**Issuance Date**”).

*Conversion Procedures.* To convert this Note, the Lender must surrender this Note to the Borrower with the form of conversion notice attached hereto as Schedule “A” (the “**Conversion Notice**”), executed by the Lender evidencing the Lender’s agreement to convert this Note. The Lender shall be deemed to be the holder of the Shares and Warrants as of the Issuance Date. As soon as practicable but no later within one (1) month after the Lender surrenders this Note to the Borrower for conversion, the Borrower shall issue and deliver to the Lender the certificates respectively representing the Shares and the Warrants, to which the Lender shall be entitled upon such conversion, including a check payable to the Lender for any cash amounts payable as described below. The Conversion Shares will (i) have been duly authorized, validly issued, fully paid and nonassessable and (ii) be of the same type and class of securities as those existing common shares of the Borrower. Upon the conversion and registration of the Lender in the register of members of the Borrower in accordance with the applicable laws and regulations as well as the terms and conditions of this document, the Lender will acquire good and valid title to the Shares, free and clear of any lien. Subject to hereinafter section 10, upon receipt of the Conversion Notice, the Borrower covenants and agrees to take all actions as shall be necessary to properly authorize the Shares and Warrants as shall be necessary to give full effect to the conversion privileges of the Lender.

*Fractional Shares; Interest; Effect of Conversion.* No fractional shares shall be issued upon conversion of this Note. In lieu of the Borrower issuing any fractional shares to the Lender upon the conversion of this Note, the Borrower shall pay to the Lender an amount equal to the result obtained by multiplying the Conversion Price by the fraction of a share not issued pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this paragraph, the Borrower shall be forever released from all its obligations and liabilities under this Note and this Note shall be deemed of no further force or effect, whether or not the original of this Note has been delivered to the Borrower for cancellation.

*Reservation of Shares Issuable Upon Conversion.* The Borrower shall reserve and keep available out of its authorized but unissued Shares and Warrants solely for the purpose of effecting the conversion of this Note such number of the Shares and Warrants as shall be sufficient to effect the conversion of this Note.

The occurrence of any of the following shall constitute an “**Event of Default**” under this Note:

- (a) *Failure to Pay.* The Borrower shall fail to pay (i) when due any principal payment on the due date hereunder or (ii) any interest payment or other payment required under the terms of this Note on the date due and such payment shall not have been made within three (3) Business Days of the Borrower’s receipt of written notice to the Borrower of such failure to pay;
- (b) *Breaches of Covenants.* The Borrower shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note (other than those specified in Section 7(a) above) and such failure shall continue for five (5) Business Days after the Borrower’s receipt of written notice by the Lender of such failure;
- (c) *Representations and Warranties.* Any representation, warranty, certificate, or other statement (financial or otherwise) made or furnished by or on behalf of the Borrower to the Lender in writing in connection with this Note, or as an inducement to the Lender to enter into this Note, shall be false, incorrect, incomplete or misleading in any material respect when made or furnished;
- (d) *Other Payment Obligations.* Defaults shall exist under any financing agreements of the Borrower with any third party or parties which consists of the failure to pay any indebtedness for borrowed money at maturity or which results in a right by such third party or parties, whether or not exercised, to accelerate the maturity of such indebtedness for borrowed money of the Borrower, in each case, in an aggregate amount in excess of US\$2 million;
- (e) *Voluntary Bankruptcy or Insolvency Proceedings.* The Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admit in writing its inability to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated, (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing;
- (f) *Involuntary Bankruptcy or Insolvency Proceedings.* Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Borrower, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Borrower, or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 45 days of commencement;

- (g) *Judgments*. A final non-appealable judgment, verdict or government order from any Governmental Authority (including without limitation, the Ministry of Finance) for the payment of money in excess of US\$2 million shall be rendered against the Borrower and the same shall remain undischarged for a period of 30 days during which execution shall not be effectively stayed, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the property of the Group Companies, and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within 30 days after issue or levy; and
- (h) *Breach of the Asset Purchase Agreement between the Lender and NeuroHabilitation Corporation (“NHC”)*. The Borrower with its affiliate NHC breach the Asset Purchase Agreement in material respect will constitute the Event of Default under this Section.

8. RIGHTS OF THE LENDER UPON DEFAULT.

Upon the occurrence of any Event of Default (other than an Event of Default described in Sections 7(e) or 7(f)) and at any time thereafter during the continuance of such Event of Default, the Lender may, by written notice to the Borrower, declare all outstanding obligations payable by the Borrower hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived. Upon the occurrence of any Event of Default described in Sections 7(e) and 7(f), immediately and without notice, all outstanding obligations payable by the Borrower hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived. In addition to the foregoing remedies, upon the occurrence and during the continuance of any Event of Default, the Lender may exercise any other right, power or remedy granted to it by the Asset Purchase Agreement or other agreements between both parties or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

9. PRICING SCENARIOS FOR THE REMAINING USD\$5,000,000 DRAWN DOWN FROM THE FACILITY

Both the Lender and the Borrower hereby agree that, for a period of six (6) months (the “Draw Down Period”) from the date of the Issuance Date (as defined above), the Borrower shall have the right to draw down part or all of the remaining USD\$5.0 million from the Facility based on the following three pricing scenarios:

- (a) At any time during the 6-month Draw Down Period when the volume weighted average closing price (“VWAP”) of the Shares of the Borrower for any period of 30 consecutive trading days is above USD\$0.96 and below USD\$2.00, the Borrower can elect to draw down part or all of the remaining USD\$5.0 million by way of issuing new common shares (the “New Shares”) with the aggregate amount of up to USD\$5.0 million at a price of USD\$0.96 per New Share. Upon the issuance of the New Shares, the Borrower shall issue another warrant certificate to the Lender, according to which, the Borrower issue the common share purchase warrants at the quantity of half of the New Shares issued to the Lender (“New Warrant”). Each whole New Warrant entitles the holder to purchase one (1) additional Share from the Borrower for a period of three (3) years at a price of USD\$1.44 per Share.

- (b) At any time during the 6-month Draw Down Period when the VWAP of the Shares of the Borrower for any period of 15 consecutive trading days is above USD\$2.00, the Borrower can elect to draw down part or all of the remaining USD\$5.0 million by way of issuing the New Shares with the aggregate amount of up to USD\$5.0 million at a price of USD\$1.5 per New Share. Upon the issuance of the New Shares, the Borrower shall issue another warrant certificate to the Lender, according to which, the Borrower issue the common share purchase warrants at the quantity of half of the New Shares issued to the Lender (“New Warrant”). Each whole New Warrant entitles the holder to purchase one (1) additional Share from the Borrower for a period of three (3) years at a price of USD\$2.25 per Share.
- (c) At any time during the 6-month Draw Down Period when the VWAP of the Shares of the Borrower for any period of 30 consecutive trading days is below USD\$0.96, the Borrower can elect to draw down part or all of the remaining USD\$5.0 million by way of issuing new common shares (the “New Shares”) with the aggregate amount of up to USD\$5.0 million at a price equals to the VWAP for such period of 30 consecutive trading days. Upon the issuance of the New Shares, the Borrower shall issue another warrant certificate to the Lender, according to which, the Borrower issue the common share purchase warrants at the quantity of half of the New Shares issued to the Lender (“New Warrant”). Each whole New Warrant entitles the holder to purchase one (1) additional Share from the Borrower for a period of three (3) years at a price of the Price of New Share multiplied by a 50% premium.
- (d) In the event that scenarios in Section (a) and/or Section (b) and/or Section (c) can be applied simultaneously, for example, the VWAP of the Shares of the Borrower for any period of 15 consecutive trading days is above USD\$2.00, but for any period of 30 consecutive trading days including such 15 consecutive trading days is above USD\$0.96 and below USD\$2.00, or is below USD\$0.96, the scenario with a lower Conversion Price shall be applied.
- (e) No matter according to which Scenario the Borrower draws down part or whole of the remaining USD\$5.0 million and issues the New Shares and New Warrants to the Lender, the Borrower undertakes to provide a board seat to the Lender.
- (f) The calculation of the VWAP shall be based on the aggregate trading volume of the Shares trading in the US market and Canadian market, with the trading price to be converted into USD\$.
- (g) The Borrower hereby acknowledge and warrant that, to its knowledge, the pricing schemes as described in the three pricing scenarios above are compliant to the Canadian Securities Exchange Policies and Procedures and all other applicable rules and regulations in Canada and the United States. In the event that the Canadian Securities Exchange Policies and Procedures have any restriction on the trading price of shares, the Borrower shall undertake every effort to provide share price protection mechanism and any other measures to ensure the benefits and interests of the Lender under the above scenarios.



- (h) The Borrower is not obliged to draw from the credit facility within this period, and A&B cannot force the Borrower to draw from the remaining USD\$5.0 million facility.
- (i) Notwithstanding the foregoing, the Lender can withdraw such USD\$5.0 million facility during the Draw Down Period through written notice to the Borrower under the following circumstances: (i) any Event of Default under this document occurs; (ii) the development including the clinical trials and the registration of the PoNS Device encounters material obstacle according to the opinion of general pharmaceutical investor familiar with relevant field.
- (j) Within the Draw Down Period, in the event the Borrower intends to draw down from the remaining USD\$5.0 million facility, the Borrower shall give a written notice of its intention as well as its intended date (“Draw Down Date”) and concrete amount for drawing down (“Draw Down Notice”) at least five (5) trading days prior to the Draw Down Date. After receiving the Draw Down Notice, the Lender shall respond to the Borrower within three (3) trading days, after receiving the response the Borrower shall prepare relevant documents as well as complete relevant procedures necessary for the above issuance of New Shares and New Warrants.

#### 10. LEGEND

The Borrower is a U.S. “domestic issuer” under applicable U.S. securities laws and, as such, upon the original issuance therefore and until such time as the same is no longer required under applicable requirements of the 1933 Act or applicable state securities laws. The Lender also acknowledges that any resale of the Shares and the Warrants (collectively referred to as the “**Underlying Securities**”) will be subject to resale restrictions required by the applicable Securities Laws. The certificates representing the Underlying Securities and all certificates issued in exchange therefore or in substitution thereof, shall bear one of the following legends:

The certificates representing the Underlying Securities issued outside the United States to non-U.S. Persons shall bear the following legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR APPLICABLE STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO AN EXEMPTION OR EXCLUSION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE SECURITIES REPRESENTED BY THE CERTIFICATE CANNOT BE THE SUBJECT OF HEDGING TRANSACTIONS UNLESS SUCH TRANSACTIONS ARE CONDUCTED IN COMPLIANCE WITH THE U.S. SECURITIES ACT.”

All of the certificates representing the Underlying Securities issued shall bear the following legend:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [FOUR MONTHS PLUS ONE DAY FROM THE ISSUANCE DATE].”

11. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

- (a) *Due Incorporation, Qualification, etc.* The Borrower is a company duly organized and validly existing in good standing under the laws of its place of incorporation and has full requisite corporate power and authority to own, lease and operate its properties and assets it now owns, leases and operates, and to carry on its business as presently conducted.
- (b) *Authority.* The execution, delivery and performance by the Borrower of the Note, and the consummation of the transactions contemplated hereby (i) are within the power of the Borrower and (ii) have been duly authorized by all necessary actions on the part of the Borrower.
- (c) *Enforceability.* Each document executed by the Borrower has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.
- (d) *Non-Contravention.* The execution, delivery and performance of and compliance with the Note by the Borrower do not and will not result in any violation of or conflict with the Corporate Constitution, or result in a material breach of, or constitute a material default under any material agreement to which the Borrower is a party or under which the Borrower's properties or assets may be bound.
- (e) *Approvals.* No consent, approval, qualification, order or authorization of, or designation, declaration or filing with, any Governmental Authority on the part of the Borrower is required in connection with the valid execution and delivery of this Agreement, or the consummation of the transactions contemplated hereunder.
- (f) *Litigation and Compliance.* Other than as disclosed appropriately to the Lender, there is no action, suit or proceeding by any Person pending or threatened, against the Borrower or, to the best knowledge of the Borrower, against any of their directors or officers in connection with the Borrower, before any Governmental Authority, except those, if determined adversely to the Borrower or any of their directors and executive officers, would not result in, individually or in the aggregate, a Material Adverse Effect. The Borrower is in compliance with all applicable laws in all material respects.
- (g) *Absence of Changes.* Since the date hereof, the Borrower with its affiliates has conducted its business in all material respects only in the ordinary course consistent with past practice and there has not been any event, occurrence, change, violation, inaccuracy, circumstance or effect (regardless of whether or not such events, occurrences, changes, violations, inaccuracies, circumstances or effects are inconsistent with the representations or warranties made by the Borrower in this Agreement) that is, or could reasonably be expected to be materially adverse to the business, operations, condition (financial or otherwise), assets (tangible or intangible), liabilities, properties, or results of operations of the Borrower and its affiliates taken as a whole (“Material Adverse Effect”).

- (h) *Existing Indebtedness.* The Borrower has no more than US\$1.5 million of outstanding indebtedness, obligations and other liabilities, whether absolute, accrued, contingent, fixed or otherwise.
- (i) The Borrower covenants and agrees that: (a) it will at all times have authorized and reserved, free from pre-emptive rights, the Shares to provide for the exercise in full of the Lender's Conversion Right; and, (b) the Shares that may be issued upon the exercise of the Conversion Right will, upon issuance, be validly issued, fully paid and non-assessable, and free from all transfer taxes, liens and charges with respect to the issue thereof.

## 12. REPRESENTATIONS AND WARRANTIES OF THE LENDER

The Lender represents and warrants to the Borrower as follows:

- (a) the Lender has good and sufficient right and authority to enter into this Note on the terms and conditions set forth herein;
- (b) the Lender is not classified as an "insider" or an "associate" of an insider, as such terms are defined by the *Securities Act* (British Columbia);
- (c) the Lender is not registered under Canadian provincial or territorial securities legislation and is not engaged in the business of trading in securities or exchange contracts as a principal or agent, and does not hold himself out as engaging in the business of trading in securities or exchange contracts as a principal or agent.

## 13. NEGATIVE COVENANTS

So long as the Note remains outstanding, the Borrower shall not, or shall cause any of its affiliates to, without the prior written consent of the Lender:

- (a) *Indebtedness.* Be indebted, for borrowed money or otherwise, or become liable for the obligation of any other party, except for the indebtedness of its affiliates under this Agreement or incurred during the ordinary course of business.
- (b) *Liens.* Create, incur, assume or permit to exist any Lien on any Borrower's material assets or property,
- (c) *Share Dividends, Splits.* If the Borrower or any of its affiliates, at any time (A) shall pay a dividend or otherwise make a distribution or distributions on any securities (including instruments or securities convertible into or exchangeable for such shares) in shares of Common Stock, (B) subdivide outstanding common shares into a larger number of shares, (C) take any other activities such as consolidation of the Borrower or reclassification of its shares, which impact, or is likely to impact the interests of the Lender hereunder, then, and in each such case, the Conversion Price in effect immediately prior to such event shall be adjusted so that the Lender shall be entitled to receive the number of common shares or other securities of the Lender which such Lender would have owned or have been entitled to receive after the occurrence of any of the events described above. Besides, if any such case occurs before the issuance of New Shares and New Warrants set forth in Section 9, the Lender can withdraw such USD\$5.0 million facility during the Draw Down Period through written notice to the Borrower.

- (d) *Loans/Investments.* Make any loans or investments in excess of US\$5 million, except accounts receivables, temporary advances to cover incidental expenses or otherwise in the ordinary course of business.
- (e) *Equity Financing.* In the event that the Borrower intends to make any equity financing prior to the potential USD\$5.0 million facility as set forth in Section 9, the Borrower shall notify the Lender and both Parties shall negotiate in good faith.

14. AFFIRMATIVE COVENANTS.

- (a) *Notice of Litigation.* So long as the Note remains outstanding, the Borrower shall provide to the Lender promptly after the commencement thereof, notice of all actions, suits, and proceedings before any Governmental Authority against any of its affiliates that has an amount in controversy that exceeds US\$400,000.
- (b) *Registration of Shares.* The Borrower undertakes to register the common shares it issued hereunder upon the request of the Lender as soon as possible within a timeline subject to the applicable laws and regulations.
- (c) *Notice of Events of Defaults.* So long as the Note remains outstanding, the Borrower shall provide to the Lender, as soon as possible and in any event within seven (7) Business Days after the occurrence thereof, with written notice of each event which either (i) is an Event of Default (as defined in the Note), or (ii) with the giving of notice or lapse of time or both would constitute an Event of Default, in each case setting forth the details of such event and the action which is proposed to be taken by any of its affiliates with respect thereto.
- (d) *Use of proceeds.* The Borrower agrees and undertakes that proceeds from the issuance of the Note shall be used for working capital purposes.

15. REPLACEMENT OF THE NOTE.

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of the Note, the Borrower, at the expense of the Lender requesting such replacement, will execute and deliver a new Note executed in the same manner as the Note being replaced, in the same principal amount as the unpaid principal amount of such Note and dated the date to which interest shall have been paid on such Note or, if no interest shall have yet been so paid, dated the date of such Note.

16. GOVERNING LAW

This Note is and will be deemed to be made in the State of New York and for all purposes be governed exclusively by and construed and enforced in accordance with the laws of New York applicable therein.

17. CHARGES, TAXES AND EXPENSES

Issuance of certificates for Shares and Warrants (including New Shares and New Warrants, if applicable) upon the conversion of this Note shall be made without charge to the Lender hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Borrower.

18. AMENDMENT

This Note may not be amended except in writing executed by each of the parties hereto.

19. WAIVERS

The Borrower hereby waives presentment for payment, notice of dishonour, protest and notice of payment and all other notices of any kind in connection with the enforcement of this Note.

20. SEVERABILITY

If a provision of this Note is at any time unenforceable or invalid for any reason it will be severable from the remainder of this Note and, in its application at that time, this Note will be construed as if it had been executed without the unenforceable or invalid provision.

21. ASSIGNMENT

The Borrower may not assign, delegate or otherwise transfer any of its obligations under this Note, whether by merger, consolidation or other business combination, without the prior written consent of the Lender. The Lender may assign all or any part of this Note without the consent of the Borrower.

22. BINDING EFFECT

The Borrower represents and warrants that the execution and delivery by the Borrower of this Note are within the Borrower's corporate power and authority and have been duly authorized by all necessary corporate actions. This Note will enure to the benefit of and be binding upon the respective legal representatives, successors and permitted assigns of the parties.

23. LEGAL INDEPENDENCE FROM THE ASSET PURCHASE AGREEMENT

Both Parties agree that even this document is signed in conjunction with the Asset Purchase Agreement simultaneously; this document is totally independent from the Asset Purchase Agreement. It should not be construed as the performance of this document relies on the performance of the Asset Purchase Agreement, unless otherwise expressly stipulated in such document. Vice Versa,

**IN WITNESS WHEREOF**, the Borrower has made, executed and delivered this Note effective as of the day first above written.

**HELIUS MEDICAL TECHNOLOGIES, INC.**

Per: /s/ Philippe Deschamps  
Authorized Signatory

**A&B (HK) Company Limited**

Per: /s/ Lam Kong  
Authorized Signatory

**SCHEDULE A  
CONVERSION FORM**

**TO: HELIUS MEDICAL TECHNOLOGIES, INC.**

All terms used herein but not defined shall have the meanings ascribed thereto in the Note.

Pursuant to Section 6 of the Note, the undersigned hereby irrevocably elects to convert the Principal Amount of \$ \_\_\_\_\_ into \_\_\_\_\_ Shares at the Conversion Price, and additionally issue \_\_\_\_\_ Warrants in accordance with the terms of the Note, and directs that the Shares and Warrants issuable and deliverable upon the conversion be issued and delivered to the person indicated below.

Shares and Warrants issued on conversion are to be issued, registered and delivered as follows:

Name: \_\_\_\_\_

\_\_\_\_\_  
(Address) (City, Province, Postal Code, and Country)

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_.

By:

\_\_\_\_\_  
Per:

---



**Helius Medical Technologies Inc. and A&B Company Limited Enter Into Strategic Agreement For The Development of PoNS™ Therapy in China, Hong Kong, Macao, Taiwan and Singapore.**

**A&B HK) Ltd Provides US \$7.0M Funding Commitment to Helius Medical Technologies Inc.**

Newtown PA, and HONG KONG, October 13, 2015 – Helius Medical Technologies Inc. (CSE: HSM; OTCQB: HSDT) (“Helius” or the “Company”) announced today that it has entered into strategic agreements with A&B Company Limited (“A&B”) for the development and commercialization of the Portable Neuromodulation Stimulator (“PoNS™”) Therapy in China, Hong Kong, Macao, Taiwan and Singapore (the “Territories”). A&B is an investment and development company based in Hong Kong owned by Dr. Kong Lam.

The agreement, a sale and licensing transaction, transfers ownership of certain Asian patents, patent applications, and product support material for the PoNS™ device to A&B. A&B assumes all development, patent (both application and defense), future manufacturing, clinical trial, and regulatory approval costs for the Territories. Helius and A&B will share and transfer ownership of any intellectual property or support material (developed by either party) for their respective geographies.

Helius’ PoNS™ device is being investigated for its safety and effectiveness in the treatment of chronic neurological symptoms caused by disease or trauma. In the United States, it is being investigated in a registrational clinical trial for the treatment of balance disorder in patients with mild to moderate traumatic brain injury and the Company expects to submit the PoNS™ to the US Food and Drug Administration (the “US FDA”) for clearance in 2016.

Philippe Deschamps, CEO of Helius, said: “We are very pleased to enter into this collaboration with A&B. Helius believes collaborating with an innovator in Asia will not only accelerate product evolution, but it will also provide us with a partner suited to both expand and defend intellectual property rights in these key markets.”

---



Commenting on the announcement, Dr. Lam Kong, owner of A&B, said: “It’s a pleasure for A&B to establish a strategic relationship with Helius. There are currently no effective medical devices for the chronic neurological symptoms of traumatic brain injury. Bringing this potentially life changing technology to this significant and underserved market is an exciting prospect for A&B and fits with our vision to provide innovative solutions to those in need.”

**Highlights:**

**Helius, as a manufacturer of the PoNS, will receive:**

An ongoing fee relating to the amount paid by A&B for PoNS<sup>TM</sup> devices and relevant components purchased by A&B from NHC, an affiliate of Helius, or its designated manufacturer for the licensed territories.

A one-time milestone payment once a certain sales milestone is reached.

**A&B Funding Commitment:**

A&B will provide a US\$7.0 mln credit facility. The first US\$2.0 mln of this facility will be immediately drawn down and convertible promissory note issued. As agreed, Helius will repay the US \$2.0 mln note through the issuance of approximately 2.083 mln shares of Helius at a price of US \$0.96/share and approximately 1.042 mln, 3-year, warrants at an exercise price of US \$1.44.

Helius, at the Company’s option, can draw down the remaining US \$5.0 mln in the facility within six month through issuing additional shares and warrants at a price scheme agreed to by both parties. The facility cannot be cancelled or withdrawn unless there is an event of default by Helius as defined in the document or some material obstacle with regards to the PoNS<sup>TM</sup> obtaining eventual regulatory approval in the United States.

As long as terms of the credit facility remain competitive Helius intends to, but is not obliged to, draw against the remainder of the credit facility within the next six months to fund PoNS<sup>TM</sup> continued development.

All securities issues with respect to the credit facility will be subject to a four-month statutory hold period.

---

## **About Helius Medical Technologies (HMT)**

Helius Medical Technologies is a medical technology holding company focused on neurological wellness. HMT seeks to develop, license and acquire unique, non-invasive platform technologies that amplify the brain's ability to heal itself. HMT intends to file for U.S. Food and Drug Administration clearance for the PoNS™ device. For more information, please visit [www.heliusmedical.com](http://www.heliusmedical.com).

## **About A&B (HK) Company Limited**

A&B (HK) Company Limited is an investment and development company based in Hong Kong, which is wholly-owned by Dr. Lam Kong.

## **Cautionary Disclaimer Statement:**

*The Canadian Securities Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.*

This news release contains forward-looking statements relating to the successful development of the Company's PoNS™ device and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include the failure to satisfy the conditions of the Canadian Securities Exchange and other risks detailed from time to time in the filings made by the Company with securities regulations.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements as expressly required by applicable law.

---

Contact:

**Investor Relations:**

778-588-7144

info@heliusmedical.com

**Corporate Contact:**

Phil Deschamps

614-596-2597

pdeschamps@heliusmedical.com

**Media Contact:**

Becky Kern

914-772-2310

media@heliusmedical.com

---