

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended _____

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report: October 1, 2024

Commission File Number: 001-42300

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of Registrant's
name into English)

Cayman Islands
(Jurisdiction of incorporation
or organization)

Room 202, 2/F, Baide Building
Building 11, No.15, Rongtong Street
Yuexiu District, Guangzhou
People's Republic of China
(Address of Principal Executive Offices)

Zhitao Wu
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Yuexiu District, Guangzhou
People's Republic of China
Telephone: +86 020-82185926
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, par value \$0.0001 per share	BDMD	The Nasdaq Stock Market LLC
Warrants to purchase Ordinary Shares	BDMD W	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the shell company report:

On October 2, 2024, the issuer had 35,450,219 ordinary shares, par value \$0.0001 per share, outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definition of “accelerated filer,” “large accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If “Other” has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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EXPLANATORY NOTE

On October 1, 2024 (the “Closing Date”), ExcelFin Acquisition Corp., a Delaware corporation (“ExcelFin” or “SPAC”), Better Medical Investment Holdings Limited, a Cayman Islands exempted company (“Baird Medical”), Baird Medical Investment Holdings Limited, a Cayman Islands exempted company and a wholly-owned subsidiary of Baird Medical (“PubCo” or the “Company”), Tycoon Choice Global Limited, a business company limited by shares incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of PubCo (“Tycoon”), Better Medical Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of PubCo (“Merger Sub 1”), Better Medical Merger Sub 2, Inc., a Delaware corporation and a direct, wholly owned subsidiary of PubCo (“Merger Sub 2”), and Better Medical NewCo, LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of Better (“NewCo”), consummated the business combination (the “Closing”) pursuant to the terms of the Business Combination Agreement, dated as of June 26, 2023 (as amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024, the “Business Combination Agreement” and the transactions contemplated thereby, the “Business Combination”), pursuant to which, among other things, (a) on August 3, 2023, Baird Medical contributed all of the issued shares of Tycoon held by Baird Medical (“Tycoon Shares”) to PubCo in exchange for Ordinary Shares (as defined below), such that Tycoon became a wholly-owned subsidiary of PubCo, and Baird Medical received in exchange therefor 29,411,764 Ordinary Shares (the “Share Contribution”) valued at \$10.20 per share, that have an aggregate value equal to Three Hundred Million Dollars (\$300,000,000); (b) prior to Closing, Baird Medical transferred 1,948,138 Ordinary Shares (which shares did not include the Baird Medical Earnout Shares, as defined below) to NewCo and certain minority shareholders of Baird Medical exchanged their ownership interests in Baird Medical for all of the outstanding ownership interests in NewCo; and (c) Merger Sub 1 merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of PubCo and Merger Sub 2 merged with and into NewCo, with NewCo continuing as the surviving entity and wholly-owned subsidiary of PubCo (the “Second Merger”). However, 8,823,529 of the Ordinary Shares issued to Baird Medical (the “Baird Medical Earnout Shares”) will not vest unless and until within the eighth anniversary of the Closing (a) the volume weighted average price of the Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of PubCo occurs with an implied value at or above \$12.50 per share. The business purpose of the Second Merger was both to ensure compliance with Nasdaq’s public float requirement as well as to facilitate that additional Ordinary Shares would be held after closing by shareholders most likely to be long-term holders.

The Company had no operations prior to entering into the Business Combination Agreement. The Company’s sole purpose was to become a holding company following the Business Combination. Upon the Closing, the Company became the direct parent of SPAC, Tycoon, NewCo and Baird Medical LLC.

The Company’s ordinary shares, par value \$0.0001 per share (the “Ordinary Shares”), and the redeemable warrants to acquire one Ordinary Share at an exercise price of \$11.50 per Ordinary Share (“Warrants”) are trading on the Nasdaq Capital Market (“Nasdaq”) under the symbols “BDMD” and “BDMD W”, respectively.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Shell Company Report on Form 20-F (the “Report”) contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements provide our current expectations or forecasts of future events of the Company. Forward-looking statements include statements other than statements of historical fact, including statements about the Company’s expectations, beliefs, plans, objectives, intentions, assumptions and other statements. These forward-looking statements include, but are not limited to, statements relating to expectations for future financial performance, business strategies, financings and expectations for the Company’s business. Specifically, forward-looking statements may include statements preceded by, followed by or that include the words “may”, “can”, “should”, “will”, “estimate”, “plan”, “project”, “forecast”, “intend”, “expect”, “anticipate”, “believe”, “seek”, “target” or similar expressions.

These forward-looking statements in this Report are based on information available as of the date of this Report and the current expectations, forecasts and assumptions of the Company’s management (“Management”), and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date. We do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Although we believe the expectations reflected in the forward-looking statements were reasonable at the time made, they cannot guarantee future results, level of activity, volume of sales, performance or achievements. Moreover, no one assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should carefully consider the cautionary statements contained or referred to in connection with the forward-looking statements contained in this Report.

You should not place undue reliance on these forward-looking statements. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ include, among other things:

- changes in domestic and foreign business, market, financial, political and legal conditions;
- the benefits of the Business Combination;
- the future financial and business performance of the Company and its subsidiaries following the Business Combination;
- the performance of the technology of the Company and its subsidiaries (“Target Group”) in full-scale operations at customer locations;
- changes in the market for the Target Group products and services;
- expansion and other plans and opportunities;
- other statements preceded by, followed by or that include the words “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek” or “target,” or similar expressions; and
- other risks and uncertainties described in the “*Risk Factors*” section of the Company’s registration statement on [Form F-4 \(File No. 333-274114\) initially filed with the Securities and Exchange Commission \(the “SEC”\) on August 21, 2023](#), as amended (the “Proxy Statement/Prospectus”), which are incorporated herein by reference.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Except as otherwise indicated or required by context, references in this Report to “we”, “us”, “our”, the “Company” or “PubCo” refer to Baird Medical Investment Holdings Limited, a Cayman Islands exempted company, and its consolidated subsidiaries.

Market and Industry Data

This Report contains industry, market and competitive position data that are based on general and industry publications, surveys and studies conducted by third parties, some of which may not be publicly available, and our own internal estimates and research. Third-party publications, surveys and studies generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. These data involve a number of assumptions and limitations and contain projections and estimates of the future performance of the industries in which we operate that are subject to a high degree of uncertainty. We caution you not to give undue weight to such projections, assumptions and estimates.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Management and Board of Directors

The following sets forth the names, business addresses and functions of the Company's directors and senior management as of October 2, 2024.

Name	Age	Position
Directors		
Haimei Wu	42	Chairwoman of the Board of Directors and Chief Executive Officer
Wei Hou	54	Director
Quan Qiu	31	Director and Chief Administrative Officer
Joseph Douglas Ragan III	62	Director
Mingzhao Xing	60	Director
Lijian Xu	60	Director
Gabrielle Bilciu-Wolfson	62	Director
Executive Officers		
Rongjian Lu	58	Co-Chief Technical Officer and Deputy General Manager
Hailong Sun	34	Co-Chief Technical Officer and technical department manager
Kun Seng Ng	39	Chief Financial Officer
Jianwei Yuan	56	Production Department Manager
Jin Xu	36	Quality Assurance Department Manager
Wei Xu	34	Merchandising Department Manager

Biographical Information About the Company's Directors

Ms. Haimei Wu has served as a director of the Company since June 16, 2023. In addition, she is the Chairwoman of the Board of Directors of the Company and the Chief Executive Officer of the Company. Ms. Wu co-founded Baide Suzhou Medical Co., Ltd., a limited liability company formed in the PRC ("Baide Suzhou"), in 2012 and has served as Baird Medical's Chairwoman of the Board of Directors and a director of Baird Medical since January 2021, and as Baird Medical's Chief Executive Officer since September 2021. Ms. Wu is mainly responsible for the overall corporate strategies and management of Baird Medical's business operations and development. Ms. Wu has over 20 years of experience in the medical devices industry. Ms. Wu is currently a director and general manager of Baide Suzhou, an executive director and general manager of Nanjing Changcheng, an executive director of Henan Ruide, and an executive director of Guoke Baide (Guangdong) Medical Co., Ltd. ("Guoke Baide"), each a subsidiary of Baird Medical. Ms. Wu also served as the executive director and general manager of Guangzhou Daokang Trading Co., Ltd., a company engaged in the sales of medical instruments, equipment and consumables in the PRC. Prior to founding Baide Suzhou, Ms. Wu served as a sales manager at Guangdong Taihua Medical Instrument Co., Ltd. from January 2002 to June 2011, and as a sales manager at Guangdong Xintianran Pharmaceutical Co., Ltd., from July 2011 to October 2011. Ms. Wu graduated from Henan Province Xinyang Weisheng School with a specialty in anesthesia in July 2000. Ms. Wu completed advanced studies in financial investment and capital operation at Graduate School at Shenzhen, Tsinghua University in 2016.

Mr. Wei Hou has served as a director of the Company since August 18, 2023. Mr. Hou has served as a director of Baird Medical since September 2021. Mr. Hou is primarily responsible for business development and management of Baird Medical's operations and has over 28 years of experience in management and sales in the medical and pharmaceutical industry. Mr. Hou joined Baird Medical in March 2019 as the vice general manager and sales director of Baide Suzhou. Prior to joining Baird Medical, Mr. Hou served as the global sales general manager at Shanghai Aidisen International Mathematics Medical Equipment Co., Ltd., a company engaged in the sales of medical equipment, from June 2014 to December 2018. From January 2009 to May 2014, Mr. Hou served as the Vice President of China Health Industry Investment Group, a company focused on investments in medical and pharmaceutical industries. Mr. Hou obtained an associate's degree in thermal engineering from Chongqing University in the PRC in 1987 and a professional study diploma in economics from Party School of the Central Committee of the Chinese Communist Party in the PRC in 1994. Mr. Hou obtained a Master of Business Administration from China Europe International Business School in the PRC in April 2000.

Ms. Quan Qiu has served as a director of the Company since August 18, 2023. In addition, Ms. Qiu is the Chief Administrative Officer of the Company. Ms. Qiu has served as a director of Baird Medical since January 2021. Ms. Qiu is primarily responsible for the supervision and coordination of Baird Medical's operations. Ms. Qiu joined Baide Suzhou in April 2013, and Ms. Qiu currently serves as assistant general manager of Baide Suzhou, an executive director and general manager of Guizhou Baiyuan, and an executive director of Hunan Baide. Ms. Qiu graduated in medicine operation and management from Guangdong Food and Drug Vocational College in the PRC in July 2013.

Since Ms. Qiu joined the Baird team at its establishment, she has been promoted from a junior staff member to assistant general manager. In her roles with the Baird team, Ms. Qiu has contributed to its management and development and has ensured its normal and orderly operation on a day-to-day basis.

Mr. Joseph Douglas Ragan III has served as a director of the Company since the Closing on October 1, 2024. Mr. Ragan served as the Chief Financial Officer of ExcelFin since March 2021 and as the Chief Executive Officer of ExcelFin since March 2023. Mr. Ragan is currently serving as the Chief Financial Officer for the Paper Excellence Group. Mr. Ragan also served as the Chairman of the Audit Committee of the Board of Directors for Sports Ventures Acquisition Corporation (Nasdaq - AKICU) from 2020 to 2022. Previously, from 2018 to 2019, Mr. Ragan served as Chief Financial Officer for Resideo/Honeywell Homes, a leading global manufacturer of thermostats and security panels (NYSE - REZJ). From 2013 to 2018, Mr. Ragan also served as Chief Financial Officer for Ferroglobe PLC (Nasdaq - GSM), the leading global manufacturer of metal alloys and other metallic products that was created through a merger of FerroAtlántica and Globe Specialty Metals. From 2008 to 2013, Mr. Ragan served as CFO at Boart Longyear (ASX - BLY), a publicly traded mining and manufacturing company, and UNICOM Government, Inc., previously known as GTSI, a publicly traded government contractor (Nasdaq - GTSI). Mr. Ragan holds a Master of Science in Accounting from George Mason University and a Bachelor of Science in Accounting from The University of the State of New York. Mr. Ragan began his finance career with Deloitte LLP and is a licensed Certified Public Accountant ("CPA") in the Commonwealth of Virginia. Mr. Ragan also serves as President and Chairman of the Audit Committee of the Board of Directors for the nonprofit USA Judo.

Prof. Mingzhao Xing (Michael) has served as a director of the Company since September 5, 2024. In addition, Prof. Xing is currently the Chairman of our Compensation Committee and a member of both the Audit Committee and Nominating and Corporate Governance Committee. Prof. Xing has served as an independent director of Baird Medical since September 2022. Prof. Xing has served as a professor at Johns Hopkins University School of Medicine since October 2011 and the dean and professor of School of Medicine at Southern University of Science and Technology in the PRC since July 2019. Prof. Xing was elected as a member of Association of American Physicians in 2019. Prof. Xing was accredited the Paul W. Ladenson Thyroid Award by The Johns Hopkins University School of Medicine in 2017. Prof. Xing was accredited a Paul Starr Award by American Thyroid Association in September 2016 and was accredited an endocrine-related cancer award by the Society for Endocrinology, United Kingdom in March 2014. Prof. Xing graduated from the department of medicine of the Second Military Medical University in China in 1984 and received a Ph.D. in Physiology and Biophysics from Case Western Reserve University in 1993.

Mr. Lijian Xu has served as an independent director of the Company since September 26, 2024. In addition, Mr. Xu is currently the Chairman of our Nominating and Corporate Governance Committee and a member of both the Audit Committee and Compensation Committee. Mr. Xu has over 30 years of experience working for financial institutions in the corporate management and the financial investment industry. He has worked for notable financial institutions such as the Bank of China, China Fortune Financial Group, CDF Capital and Everbright Private Equity Fund, as well as corporations such as Zhongji Holdings Group, Fenghua Group (SH600615), Fantasia Holdings Group (1777HK), Times Universal Group (2310HK) and Dasheng Times Cultural Investment Company Ltd (SH600892), where he has served as a director, president, general manager, and in other significant roles.

Mr. Xu was also engaged in capital and credit management and strategic planning of commercial banks, corporate restructuring and listing, equity investment, cross-border mergers and acquisitions and reorganization of overseas listed companies, securitization of real estate assets, establishment and operation of private equity funds, and real estate investment and development. His investment business spans various sectors including real estate, clean energy such as nuclear power and natural gas, chemical industry, medicine, information technology, automobile manufacturing and after-sales service, liquor trading, food processing, supply chain finance, energy saving and environmental protection, and retail business. Mr. Xu has also been employed as a lawyer and an arbitrator in the past.

Ms. Gabrielle Bilciu-Wolfson has served as an independent director of the Company since the Closing on October 1, 2024. In addition, Ms. Bilciu-Wolfson is currently the Chairwoman of our Audit Committee and a member of both the Compensation Committee and Nominating and Corporate Governance Committee. Ms. Wolfson has over 30 years of experience driving strategy and innovation across Fortune 500 companies in the Health Care, Consumer Products, Technology, and Hospitality sectors, including Quest Diagnostics and Xerox Corporation. As a transformative Chief Digital and Information Officer, she has spearheaded global technology and business transformations, driving industry advancements with pioneering technologies, AI/ML-based data products, and digital consumer solutions. Gabrielle is highly qualified to serve on a board seeking guidance on technology strategy and transformation and operations optimization. Gabrielle's academic background includes a master's degree in technology management from Columbia University and a bachelor's degree in mathematics from Queens College. Ms. Bilciu-Wolfson's education includes training in accounting and financial reporting, and over the past 30 years she has participated in the preparation, review and presentation of financial statements and the drafting of annual reports filed on Form 10-K and quarterly reports filed on Form 10-Q at various publicly traded companies. During Ms. Bilciu-Wolfson's time serving as a member of the board of directors of various publicly traded companies, she regularly presented to the Audit Committee with respect to internal controls and procedures. She also worked closely with internal and external audit teams to validate internal controls and procedures.

Biographical Information About the Company's Non-Director Executive Officers

Mr. Rongjian Lu is Co-Chief Technical Officer and Deputy General Manager of the Company, Co-Chief Technical Officer of Baird Medical and Deputy General Manager of Baide Suzhou. Mr. Lu joined the Baird team in December 2021 and began full-time employment with Baird in January 2023. He has a Master's Degree in Engineering, Electromechanical Control and Automation from the Nanjing University of Aeronautics and Astronautics and is also a lecturer at the Nanjing Forestry University.

Mr. Hailong Sun is Co-Chief Technical Officer and Technical Department Manager of the Company, Co-Chief Technical Officer of Baird Medical and the Manager of the Technology Department of Nanjing Changcheng. Mr. Sun joined the Baird team in November 2018. He is a graduate of the Changzhou Information Technology College and served in engineering and mechanical design roles at other operating companies in China prior to joining Baird.

Mr. Kun Seng Ng is the Chief Financial Officer and Secretary of the Company and Chief Financial Officer of Baird Medical. Mr. Ng joined the Baird team in September 2020. He has extensive work experience in accounting, auditing, and corporate finance, having worked at an international accounting firm and in finance-related roles at other publicly listed companies before coming to Baird. He is a member of the Hong Kong Institute of Certified Public Accountants and has a Bachelor of the Arts in accountancy from The Hong Kong Polytechnic University.

Mr. Jianwei Yuan is the Production Department Manager of the Company and Baird Medical. Mr. Yuan joined the Baird team in August 2016 as the manager of the production department of Changcheng Nanjing. Prior to his time at Baird, he worked at Nanjing Jiexiong Medical Equipment Co., Ltd. and in the Nanjing Internal Combustion Engine Parts Factory.

Mr. Jin Xu is Quality Assurance Department Manager of the Company and Baird Medical. Mr. Xu began his career at Baird in August 2016 at Changcheng Nanjing. Before joining the Baird team, he served as the quality control inspector for the Nanjing Jiexiong Medical Equipment Co., Ltd. He is a graduate of the Nanjing Vocational Institute of Mechatronic Technology, with a major in mechatronics.

Mr. Wei Xu is Merchandising Department Manager of the Company and Baird Medical. Mr. Xu joined the Baird team in September 2016. Before his time at Baird, he worked as a technician at two other companies in Nanjing and later for the Nanjing Jiexiong Medical Equipment Co., Ltd. He is a graduate of the Jinlei Staff School of Nanjing (Gold Foil Group), with a major in mechatronics.

The business address of each of the Company's directors and senior management is Room 202, 2/F, Baide Building, Building 11, No.15, Rongtong Street, Yuexiu District, Guangzhou, Peoples Republic of China.

B. Advisers

Not applicable.

C. Auditors

Marcum Asia CPAs LLP, 7 Penn Plaza, Suite 830, New York City, New York 10001, has acted as the accounting firm for the Company since 2022.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

The following table sets forth the capitalization of the Company on an unaudited pro forma combined basis as of June 30, 2024, after giving effect to the Business Combination, and should be read together with the unaudited pro forma condensed combined financial information of the Company for the period ended June 30, 2024, and as of June 30, 2024, prepared in accordance with Article 11 of SEC Regulation S-X and attached as Exhibit 15.1 to this Report.

Capitalization and Indebtedness

	Pro Forma combined (in \$ thousands)
As of June 30, 2024	
Cash and cash equivalents Debt:	\$ 4,039
Non-current financial borrowings	2,961
Current financial borrowings	\$ 29,102
Total Debt	32,063
Equity:	
Share capital	\$ 2,908
Statutory reserve	4,557
Additional paid in capital	101,507
Accumulated deficit	(72,363)
Accumulated other comprehensive loss	(2,834)
Total controlling shareholder's equity	33,775
Non-controlling interests	1
Total Equity	33,776
Total Capitalization	\$ 65,839

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

The risk factors associated with the Company's business and industry are described in the Proxy Statement/Prospectus in the section titled "Risk Factors" and are incorporated herein by reference.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The legal name of the Company is Baird Medical Investment Holdings Limited. The Company was incorporated in the Cayman Islands as an exempted company on June 16, 2023. The Company's registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

See “*Explanatory Note*” in this Report for additional information regarding the Company and the Business Combination. Additional information about the Company is included in the Proxy Statement/Prospectus under the section titled “*Information about Baird Medical*” and is incorporated herein by reference. The material terms of the Business Combination are described in the Proxy Statement/Prospectus under the section titled “*The Business Combination Proposal—The Business Combination Agreement*”, which is incorporated herein by reference.

The SEC also maintains a website at <http://www.sec.gov> that contains reports, proxy statements and information statements, and other information that the Company files with or furnishes electronically to the SEC. These reports and other information are also available on the Company’s website at www.bairdmed.com. The information contained on the Company’s website does not form a part of, and is not incorporated by reference into, this Report.

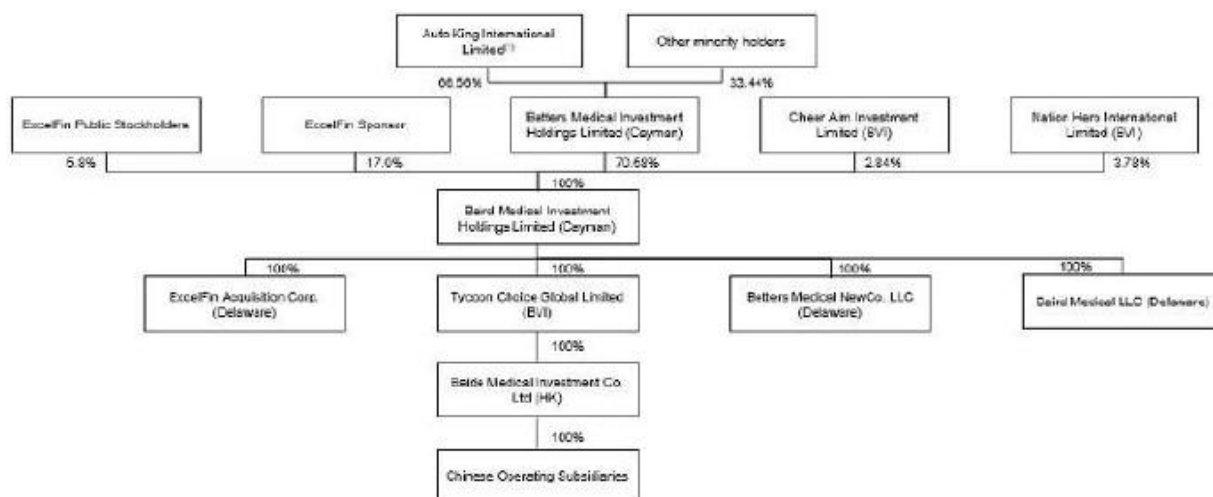
B. Business Overview

Information regarding the business of the Company for periods other than the six months ended June 30, 2024 is included in the Proxy Statement/Prospectus under the sections titled “*Information about Baird Medical – Overview*” and “*PubCo’s Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, which are incorporated herein by reference.

For the six months ended June 30, 2024, the Company’s total revenues increased by approximately \$1.6 million, or 14%, from approximately \$11.5 million for the six months ended June 30, 2023 to approximately \$13.1 million for the six months ended June 30, 2024. Our gross profits increased by \$2.0 million from \$9.5 million for the six months ended June 30, 2023 to \$11.5 million for the six months ended June 30, 2024. Our gross profit margin increased by 21% from 82.3% for the six months ended June 30, 2023 to 87.5% for the six months ended June 30, 2024, primarily because of the increase in gross profit margin of microwave ablation (“MWA”) therapeutic apparatuses and MWA needles. Net income was \$4.4 million and \$2.4 million for the six months ended June 30, 2024 and 2023, respectively. The increase in net income mainly derived from an increase in gross profits.

C. Organizational Structure

Upon the Closing, SPAC became a direct, wholly-owned subsidiary of the Company. Please see below for a post-closing structure chart of the Target Group:



A list of the subsidiaries of the Company as of the Closing is included as Exhibit 8.1 to this Report.

D. Property, Plants and Equipment

Information regarding the Company’s property is included in the Proxy Statement/Prospectus under the section titled “*Information about Baird Medical – Properties and Facilities*” and is incorporated herein by reference.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

For the six months ended June 30, 2024, 97% of all revenue was derived from products sold to customers in China. In addition, the Company’s long-lived assets are all located in China, and the amount of long-lived assets attributable to any individual other country is not material. Therefore, no geographical segments are presented.

	For the six months ended June 30,	
	2024	2023
Distributors	\$ 7,822,407	\$ 3,931,512
Direct customers	5,314,181	7,614,735
Total	<u>\$ 13,136,588</u>	<u>\$ 11,546,247</u>

The Company's revenue from direct customers decreased from approximately \$7.6 million during the six months ended June 30, 2023 to approximately \$5.3 million for the six months ended June 30, 2024, resulting in a net decrease of approximately \$2.3 million. Changes in sales prices caused the revenue to increase by approximately \$0.09 million, while changes in the volume of products sold caused the revenue to decrease by approximately \$2.39 million. With respect to the sales of MWA needles and other medical devices, revenue decreased due to a decrease in overall sales volume in each case. With respect to the sales of microwave therapeutic apparatuses, revenue increased due to increases in both the quantity of sales and the selling price. The decrease in revenue from the sales of MWA needles and other medical devices outweighed the increase in revenue from the sales of microwave therapeutic apparatuses, resulting in an overall decrease in revenue.

The Company's revenue from distributors increased from approximately \$3.9 million during the six months ended June 30, 2023 to approximately \$7.8 million during the six months ended June 30, 2024, resulting in a net increase of approximately \$3.9 million. Changes in sales prices caused the revenue to increase by approximately \$2.0 million, while changes in the volume of products sold caused the revenue to increase by approximately \$1.9 million.

	For the Six Months Ended June 30,						For the Year Ended December 31,					
	2024		2023		Variance	Variance %	2023		2022		Variance	Variance %
	Revenue	%	Revenue	%			Revenue	%	Revenue	%		
Sales of MWA devices	\$ 13,128,315	100%	\$ 11,019,358	95%	\$ 2,108,957	19%	30,940,383	98%	\$ 31,283,234	89%	\$ (342,851)	(1)%
– MWA needles	11,671,518	89%	10,762,402	93%	909,116	8%	26,278,168	84%	30,551,145	87%	(4,272,977)	(14)%
– MWA therapeutic apparatus	1,456,797	11%	256,956	2%	1,199,841	467%	4,662,215	14%	732,089	2%	3,930,126	537%
Sales of other medical devices	8,273	0%	526,889	5%	(518,616)	(98)%	517,525	2%	3,807,940	11%	(3,290,415)	(81)%
Total	\$ 13,136,588	100%	\$ 11,546,247	100%	\$ 1,590,341	14%	\$ 31,457,908	100%	\$ 35,091,174	100%	\$ (3,633,266)	(10)%

Our total revenues increased by approximately \$1.6 million, or 14%, from approximately \$11.5 million for the six months ended June 30, 2023 to approximately \$13.1 million for the six months ended June 30, 2024. The overall increase in our revenue was due to the increase in sales of MWA devices.

Our cost of revenue decreased by \$0.4 million for the six months ended June 30, 2024 compared to the cost of revenue for the six months ended June 30, 2023. Our gross profits also increased by \$2.0 million from \$9.5 million for the six months ended June 30, 2023 to \$11.5 million for the six months ended June 30, 2024. Our gross profit margin increased by 21% from 82.3% for the six months ended June 30, 2023 to 87.5% for the six months ended June 30, 2024, primarily because of the increase in gross profit margin of MWA therapeutic apparatus and MWA needles.

Other Ancillary Expenses

Selling and marketing expenses decreased from \$1.6 million for the six months ended June 30, 2023 to \$1.2 million for the six months ended June 30, 2024 mainly due to the decrease of meeting expenses. Accordingly, as a percentage of sales, our selling expenses were 8.9% and 14.3% of revenues for the six months ended June 30, 2024 and 2023, respectively.

Our research and development expenses decreased by \$0.3 million from \$2.3 million for the six months ended June 30, 2023 to \$2.0 million for the six months ended June 30, 2024. The decrease in research and development expenses was mainly due to decreased service fees.

General and administrative expenses increased from \$2.6 million for the six months ended June 30, 2023 to \$3.2 million from the six months ended June 30, 2024, which was mainly due to the increase of listing expenses, consulting and professional expenses and office supplies expenses.

Additional information regarding the Company's operating results is included in the Proxy Statement/Prospectus under the section titled "PubCo's Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations" and is incorporated herein by reference.

B. Liquidity and Capital Resources

As of December 31, 2023, we had cash of approximately \$1.5 million. As of December 31, 2023, our current assets were approximately \$40.1 million, and our current liabilities were approximately \$19.0 million. Total shareholders' equity as of December 31, 2023 was approximately \$35.7 million. As of June 30, 2024, our current assets were approximately \$47.0 million, and our current liabilities were approximately \$22.4 million. Total shareholders' equity as of June 30, 2024 was approximately \$39.3 million. We believe that we will have sufficient working capital to operate our business for the next 12 months from the date of issuance of this financial statement.

Substantially all of our operations are conducted in China and all of our revenue, expenses, cash is denominated in HKD and RMB. RMB is subject to the exchange control regulation in China, and, as a result, we may have difficulty distributing any dividends outside of China due to PRC exchange control regulations that restrict our ability to convert RMB into U.S. dollars. As of December 31, 2023, cash of approximately \$1,504,378 and \$6,106 were held by the Company and its subsidiaries in mainland PRC and Hong Kong, respectively. As of June 30, 2024, cash of approximately \$1,496,781 and \$5,633 were held by the Company and its subsidiaries in mainland PRC and Hong Kong, respectively. We would need to accrue and pay withholding taxes if we were to distribute funds from our subsidiaries in China to our offshore subsidiaries. We do not intend to repatriate such funds in the foreseeable future, as we plan to use existing cash balance in PRC for general corporate purposes.

In assessing our liquidity, we monitor and analyze our cash on hand, our ability to generate sufficient revenue sources in the future and our operating and capital expenditure commitments. The Company plans to fund working capital through its operations, bank borrowings and global offerings. The operating cash flow in the year ended December 31, 2023 is negative \$1.0 million, and the operating cash flow in the six months ended June 30, 2024 is negative \$4.0 million, mainly due to the significant increase in prepayment of R&D project and services and the slower turnover of accounts receivable. We have historically funded our working capital needs primarily from operations and bank borrowings. Our working capital requirements are affected by the efficiency of our operations, the numerical volume and dollar value of our sales contracts, the progress or execution on our customer contracts, and the timing of accounts receivable collection. The following table sets forth summary of our cash flows for the periods indicated:

	For the Six Months ended June 30,		For the Years Ended December 31,	
	2023	2024	2022	2023
Net cash provided by (used in) operating activities	\$ 642,946	\$ (3,960,397)	\$ 485,968	\$ (1,019,964)
Net cash used in investing activities	(1,264,414)	(484,839)	(5,921,464)	(2,638,488)
Net cash (used in) provided by financing activities	(558,861)	4,457,217	4,411,918	3,461,118
Effect of exchange rate change	13,764	(20,051)	(297,647)	(3,108)
Net decrease in cash and cash equivalent	(1,166,565)	(8,070)	(1,321,225)	(200,442)
Cash and cash equivalent at the beginning of the period	1,710,926	1,510,484	3,032,151	1,710,926
Cash and cash equivalent at the end of the period	\$ 544,361	\$ 1,502,414	\$ 1,710,926	\$ 1,510,484

C. Research and Development, Patents and Licenses, etc.

A description of the Company's research and development efforts, patents and licenses is included in the Proxy Statement/Prospectus under the sections titled "Information about Baird Medical – Research and Development", "Information about Baird Medical – Intellectual Property" and "Information about Baird Medical – Registration and Filings of Medical Devices", respectively, which are incorporated herein by reference.

D. Trend Information

A brief description of the Company's trend information is included in the Proxy Statement/Prospectus under the section titled "PubCo's Management's Discussion and Analysis of Financial Conditions and Results of Operations – Business Overview", which is incorporated herein by reference. As of June 30, 2024, there have been no further material recent trends in production, sales and inventory, the state of the order book and costs and selling prices since the latest financial year which the Company is aware of, nor has it foreseen any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to not necessarily be indicative of future operating results or financial condition.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates. An accounting estimate is considered critical if it is made basing on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. We believe that the following critical accounting estimate involve the most significant judgments used in the preparation of our financial statements.

Change in Accounting Estimates

Expected Credit Losses

For the year ended December 31, 2022 and the first half of 2023, the Company used an individual basis and pool basis of the customers sharing similar risk characteristics by applying the roll rate method under the Current Expected Credit Loss Model (“CECL Model”). The Company has identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products the Company provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company’s receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on the Company’s specific facts and circumstances. The Company uses roll rate method to calculate average expected loss rate under pool basis. The Company considers the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

For the first half of 2023, the Company still used an individual basis and pool basis to assess credit losses. When reassessing its methodology for calculating expected credit losses for customers sharing similar risk characteristics, the Company changed from using the roll rate method to the aging group method. This change in technique is based on newly obtained information and is considered an accounting estimate change.

According to ASC 326-20-30-7, the Company evaluated both internally generated data and reasonably accessible external data. The change was driven by the following factors:

- The slower turnover of customer capital and the lengthened payment approval cycle of hospitals, while not necessarily indicating increased credit risk, affect the collection period.
- Increased amount and proportion of accounts receivable more than 12 months overdue.
- Analysis of comparative companies' methodologies.

The change in the estimated credit loss rate was applied prospectively starting in the second half of 2023. This change is based on the analysis conducted during the preparation of financial statements as of December 31, 2023, and is expected to provide a more accurate reflection of the Company’s credit risk.

As a result of this change in accounting estimate, the allowance for expected credit losses for accounts receivable as of December 31, 2023, is summarized below:

	<u>Individual basis</u>	<u>Aging group basis</u>	<u>Total</u>
Trade accounts receivable	\$ 1,991,596	\$ 31,949,487	\$ 33,941,083
Less: allowance for doubtful accounts	(1,991,596)	(849,596)	(2,841,192)
Accounts receivable, net	-	\$ 31,099,891	\$ 31,099,891
Allowance Ratio	100%	2.7%	8.4%

The Company made provisions if customers have no new transactions with the Company for more than six months and have no subsequent collection during January 1, 2024 to April 30, 2024, or the accounts receivable with a long aging period over than one year and have no subsequent collection during January 1, 2024 to April 30, 2024.

The result of this change in technique did not have a material impact to the allowance for expected credit losses. The Company also does not expect this change to cause a material impact to the allowance for expected credit losses for future period.

Current Expected Credit Losses

We adopted ASC Topic 326 using the modified retrospective approach for all in-scope assets. The adoption of ASC Topic 326 decreased accumulated equity by \$0.3 million to the Company’s consolidated financial statements as of January 1, 2021. Results for reporting periods beginning after January 1, 2021 are presented under ASC Topic 326 while prior periods continue to be reported in accordance with previously applicable U.S. GAAP.

For the year ended December 31, 2022, we maintained an allowance for credit losses by estimating the expected credit and collectability trend of our customers. Accounts receivable is considered past due based on its contractual terms. In estimating the allowance for credit losses for accounts receivable, we considered historical experience and other factors surrounding the credit risk of specific customers including customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company’s receivables in an individual basis and pool basis for customers sharing similar risk characteristics upon the use of roll rate method under the Current Expected Credit Loss Model (“CECL Model”) in accordance with ASC topic 326, Financial Instruments — Credit Losses. Additionally, external data and macroeconomic factors are also considered.

For the year ended December 31, 2023, the Company still used an individual basis and pool basis to assess credit losses. When reassessing its methodology for calculating expected credit losses for customers sharing similar risk characteristics, the Company changed from using roll rate method to aging group

method. This change in technique is based on newly obtained information and is considered an accounting estimate change. According to ASC 326-20-30-7, the Company evaluated both internally generated data and reasonably accessible external data. The change was driven by the following factors:

- The slower turnover of customer capital and the lengthened payment approval cycle of hospitals, while not necessarily indicating increased credit risk, affect the collection period.
- Increased amount and proportion of accounts receivable more than 12 months overdue.
- Analysis of comparative companies' methodologies.

For the year ended December 31, 2023, allowance for credit losses were provided if customers have no new transactions with the Company for more than six months and have no subsequent collection during 1 January 2024 to 30 April 2024, or the accounts receivable with a long aging period over than one year and have no subsequent collection during 1 January 2024 to 30 April 2024.

We recorded an allowance for expected credit losses of \$2.8 million, \$2.8 million and \$0.6 million as of June 30, 2024, December 31, 2023 and December 31, 2022, respectively.

Prepayments for research and development

The Company makes prepayments to third-party vendors and research institutions for R&D activities. These prepayments are expensed over the periods during which the related R&D services are performed. These advances are interest free, unsecured and are reviewed periodically to determine whether their carrying value has become impaired. An allowance for credit losses is recorded in the period when loss is probable. As of June 30, 2024, December 31, 2023 and 2022, there was no allowance for prepayments for R&D.

Research and development expenses consist primarily of outsourced research and development costs, payroll and related expenses for research and development professionals, materials, sample testing fee, and depreciation of machinery and equipment for research and development. Nonrefundable payments made in advance to third-party R&D service provider for the related services are recorded as prepayments in the consolidated balance sheets until the services are rendered under ASC 730-20-25-13. Research and development costs are expensed as incurred in accordance with ASC 730. The Company recognizes R&D expenses based on the completion percentage of each R&D contract at the end of each quarter according to monthly discussions and progress meeting (if any) with internal management personnel and external R&D service providers or completion progress report provided by the third party-R&D service providers as to the progress or stage of completion of services.

As of December 31, 2023 and 2022, prepaid research and development was \$7.6 million and \$3.5 million, respectively. As of June 30, 2024, prepaid research and development was \$10.2 million. These amounts primarily relate to contracts with third-party research organizations for ongoing research projects. The significant increases in prepayments in the year ended December 31, 2023 and in the six months ended June 30, 2024 were due to the advancement of research and development progress.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Information regarding the directors and executive officers of the Company after the Closing is included in Item 1 of this Report.

Family Relationships

There are no family relationships between any of the executive officers and directors.

Arrangements and Understandings

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or executive officer.

B. Compensation

Information regarding the compensation of the directors and senior management of the Company in 2024 is included in the Proxy Statement/Prospectus under the section titled “*Executive Compensation of Baird Medical*” and is incorporated herein by reference, except that Ms. Gabrielle Bilciu-Wolfson will receive an annual cash stipend of \$30,000 and equity compensation of 20,000 Ordinary Shares.

C. Board Practices

Information regarding the board practices of the Company following the Business Combination is included in the Proxy Statement/Prospectus under the section titled “*Management of PubCo after the Business Combination*” and is incorporated herein by reference. The board of directors of the Company has three standing committees: (i) an audit committee (the “Audit Committee”), (ii) a compensation committee (the “Compensation Committee”) and (iii) a nominating and corporate governance committee (the “Nominating and Corporate Governance Committee”). The Audit Committee is comprised of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu, and Ms. Gabrielle Bilciu-Wolfson, with Ms. Gabrielle Bilciu-Wolfson serving as the chair of the committee. The Compensation Committee is comprised of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu and Ms. Gabrielle Bilciu-Wolfson, with Prof. Mingzhao Xing (Michael) serving as the chair of the committee. The Nominating and Corporate Governance Committee is comprised of Prof. Mingzhao Xing (Michael), Mr. Lijian Xu and Ms. Gabrielle Bilciu-Wolfson, with Mr. Lijian Xu serving as the chair of the committee.

D. Employees

Information regarding the employees of the Company is included in the Proxy Statement/Prospectus under the section titled “*Information about Baird Medical - Employees*” and is incorporated herein by reference.

E. Share Ownership

Information regarding the ownership of Ordinary Shares by our directors and executive officers is set forth in Item 7.A of this Report.

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

The Company, during or after the last completed fiscal year, was not required to prepare an accounting restatement that required recovery of erroneously awarded compensation.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of Ordinary Shares as of October 2, 2024.

The SEC has defined “beneficial ownership” of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement, or (iv) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, Ordinary Shares subject to options or other rights (as set forth above) held by that person that are currently exercisable, or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Each person named in the table has sole voting and investment power with respect to all of the Ordinary Shares shown as beneficially owned by such person, except as otherwise indicated in the table or footnotes below. The Company’s major shareholders do not have different voting rights from other holders of Ordinary Shares.

The percentage of Ordinary Shares beneficially owned is computed on the basis of 35,450,219 Ordinary Shares outstanding on October 2, 2024, and does not include 11,500,000 Ordinary Shares issuable upon the exercise of outstanding warrants. Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all Ordinary Shares beneficially owned by them.

Name of Major Shareholders	Number of Shares	%
Haimei Wu ⁽¹⁾	27,463,627	77.47%
Betters Medical Investment Holdings Limited ⁽¹⁾	27,463,627	77.47%
ExcelFin SPAC LLC	4,495,000	12.68%

(1) Haimei Wu is the Chairwoman and Chief Executive Officer of the Company. Auto King International Limited (“Auto King”) owns approximately 66.56% of the outstanding capital stock of Baird Medical, which holds approximately 77.47% of the Company. Auto King is controlled by Ms. Wu. Ms. Wu disclaims beneficial ownership in all Ordinary Shares other than those relating to her pecuniary interest therein. The shares shown include 8,823,529 of the Ordinary Shares issued to Baird Medical (the “Baird Medical Earnout Shares”) which will not vest unless and until within the eighth anniversary of the Closing (a) the volume weighted average price of the Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of PubCo occurs with an implied value at or above \$12.50 per share. As a result, Ms. Wu and Baird Medical control more than 50% of the voting power of the issued and outstanding Ordinary Shares.

Significant Changes in Ownership by Major Shareholders

We have experienced significant changes in the percentage ownership held by major shareholders as a result of our Business Combination.

Holders

As of October 2, 2024, we had 34 shareholders of record of the Ordinary Shares and 2 shareholders of record of the Warrants. As of October 2, 2024, approximately 16.68% of the outstanding Ordinary Shares were held by U.S. record holders.

B. Related Party Transactions

The Company entered into certain related party transactions during the fiscal years ended December 31, 2023 and December 31, 2022, as described in the Proxy Statement/Prospectus in the section titled “*Note 17 – Related Party Transactions*” and incorporated herein by reference. The following is a description of certain related party transactions, other than compensation arrangements, that we have entered into during 2023 and 2024 with our or Baird Medical’s executive officers, directors or their affiliates or holders of more than 10% of any class of our voting securities in the aggregate, as applicable, which we refer to as related parties.

- Haimei Wu, the Chairwoman and Chief Executive Officer of the Company, is the legal owner of the premises to which Baird Medical’s Tianhe District Usage Certificate was granted, which premises are also co-occupied by the Guangdong branch office of Baide Suzhou.
- The Company’s use of its manufacturing site located at Rooms 101, 201 and 501 of Building 7, Bioport II, No. 52, Yinguang Road, Fuqiao Town, Taicang City, People’s Republic of China, is conducted pursuant to a sublease agreement to which certain affiliated entities are parties.
- The Company is party to a Subscription Agreement, dated June 30, 2021, with certain of its affiliates.
- In 2023, three of Baird Medical’s preference shareholders elected to exercise their right to require Baird Medical, Haimei Wu and certain shareholders of Baird Medical, on a joint and several basis, to repurchase or purchase 100% of their preference shares (such shares, “Preference Shares”, and such holders, the “Electing Preference Shareholders”). As a result, (i) in April 2023, Baird Medical paid (on behalf of Haimei Wu) RMB 10,000,000, and on June 30, 2023, Baird Medical paid (on behalf of Haimei Wu) \$683,638.21 and Haimei Wu paid \$499,994.24, in each case, to one Electing Preference Shareholder as total consideration for the purchase by Haimei Wu of 192,411 Preference Shares, and (ii) on June 30, 2023, Grand Fortune Capital (H.K.) Company Limited (“GFC”), an affiliate of the Sponsor, purchased the remaining 641,371 Preference Shares held by the same Electing Preference Shareholders for total consideration of \$8,712,178.41. The other two Electing Preference Shareholders’ repurchase requests remain outstanding.
- On June 26, 2023, the Sponsor, ExcelFin, and the Company entered into the Sponsor Support Agreement. Pursuant to such agreement, the Sponsor agreed that (a) 3,150,000 of the Ordinary Shares to be held by the Sponsor immediately following the Closing shall be fully vested and freely tradable, subject only to the restrictions on transfer set forth in a letter agreement, dated as of October 21, 2021, among ExcelFin, the Sponsor, and certain other shareholders of ExcelFin, as amended, in connection with ExcelFin’s initial public offering, and (b) the remaining 1,350,000 Ordinary Shares to be held by the Sponsor immediately following Closing shall be subject to vesting and forfeiture (the “Sponsor Earnout Shares”). The Sponsor Earnout Shares shall become fully vested if, at any time from the Closing through the date that is the fifth anniversary of the Closing, the dollar volume-weighted average price of Ordinary Shares is greater than or equal to \$12.50 over any 20 trading days within any 30-day trading period. The parties thereto also agreed that if there is a change of control of PubCo after the Closing and prior to the fifth anniversary of the Closing, the Sponsor Earnout Shares shall become fully vested immediately prior to such change of control. If by the fifth anniversary of the Closing the Sponsor Earnout Shares shall not have vested, the Sponsor Earnout Shares shall be forfeited for no consideration and shall cease to represent any interest in PubCo, effective as of such date.
- On June 26, 2023, Baird Medical, PubCo, Tycoon, certain shareholders of Baird Medical who collectively represented approximately 68.2% of the issued and outstanding shares of Baird Medical as of the date thereof, and ExcelFin entered into the Baird Medical Shareholder Support Agreement. Pursuant to such agreement, each of the Key Baird Medical Shareholders agreed to (a) vote in favor of the Business Combination and against any competing proposals; (b) not transfer or sell any shares of Baird Medical except to certain permitted transferees who agree to be bound by similar restrictions; (c) waive any dissenters’ or appraisal rights under Cayman Islands law and any other similar statute in connection with the Business Combination Agreement and the transactions contemplated thereby; and (d) revoke any inconsistent proxies previously given in respect of the Baird Medical Shares. In addition, prior to the Closing, Baird Medical agreed not to (i) transfer any Tycoon Shares, (ii) grant any proxies with respect to any Tycoon Shares, (iii) take any action that would make any representation or warranty of Baird Medical untrue or incorrect in any material respect or (iv) commit or agree to take any of the foregoing actions.

- On September 30, 2024, the Company entered into (i) a Subscription Agreement with GFC, pursuant to which the Company issued to GFC at the Closing 290,000 Series A convertible preferred shares, par value \$0.0001 per share, of the Company (the “Series A Preferred Shares”), for a purchase price of \$2.9 million (the “GFC Subscription Amount”) and (ii) a Subscription Agreement with Wu Wenyuan, pursuant to which Wu Wenyuan must pay a purchase price of \$2 million (the “Wu Subscription Amount”) within six months of Closing, in exchange for which the Company will issue to Wu Wenyuan 200,000 Series A Preferred Shares. The GFC Subscription Amount was paid concurrently with the Closing, and the Wu Subscription Amount will be paid within six months after the Closing. At any time on or before the two-year anniversary of the issuance of the Series A Preferred Shares, GFC and Wu Wenyuan may convert all or a portion of their respective Series A Preferred Shares into a number of Ordinary Shares of the Company per Series A Preferred Share at a conversion ratio equal to the sum of the original issue price of such Series A Preferred Share and all accrued but unpaid dividends thereon, divided by a conversion price of \$10.00. The Company may, at any time and at its sole option, choose to repurchase for cash all or a portion of the Series A Preferred Shares, at a price per Series A Preferred Share equal to the sum of 110% of the subscription price of such Series A Preferred Share and all accrued but unpaid dividends thereon.
- On October 1, 2024, Baird Medical and PubCo entered into a lock-up agreement (the “Lock-Up Agreement”), pursuant to which Baird Medical agreed not to transfer any Ordinary Shares acquired by it in the Share Contribution prior to the earlier of (a) a change of control of PubCo or (b) six months from the Closing Date. The Lock-Up Agreement allows for transfers to certain permitted transferees so long as such transferee agrees to the same restrictions on the transfer of the Ordinary Shares that apply to Baird Medical. In addition, the Lock-Up Agreement provides that the Baird Medical Earnout Shares will not vest unless and until within the eighth anniversary of the Closing (a) the volume weighted average price of the Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of PubCo occurs with an implied value at or above \$12.50 per share.
- On October 1, 2024, ExcelFin, PubCo and Equiniti Trust Company, LLC, in its capacity as Warrant Agent, entered into a Warrant Assignment, Assumption and Amendment Agreement (the “Warrant Assignment Agreement”). Pursuant to the Warrant Assignment Agreement, ExcelFin assigned to PubCo all of its right, title and interest in the ExcelFin Public Warrant Agreement and PubCo assumed all of ExcelFin’s liabilities and obligations under the ExcelFin Public Warrant Agreement. Pursuant to the Warrant Assignment Agreement, each whole ExcelFin Public Warrant that was outstanding immediately prior to the Closing was automatically converted into one Warrant representing a right to acquire one Ordinary Share at a price of \$11.50 per Ordinary Share, on substantially the same terms as those that applied to the ExcelFin Public Warrants immediately prior to Closing. The Warrant Assignment Agreement also provides for the cancellation and termination of the ExcelFin Private Placement Warrants with no additional consideration to be issued to the holders thereof.
- On the October 1, 2024, PubCo, the Sponsor, Baird Medical, and certain other parties entered into a registration rights agreement (the “Registration Rights Agreement”) concerning the Ordinary Shares issued to those parties (such shares, “Registrable Securities” and such parties, “Holders”) in connection with the Business Combination. The Registration Rights Agreement terminated and replaced the Sponsor Registration Rights Agreement upon the Closing. The Registration Rights Agreement provides that, no later than 30 business days following the Closing, PubCo will prepare and file with the SEC a shelf registration statement under Rule 415 of the Securities Act of 1933, as amended, covering the resale of all the Registrable Securities on a delayed or continuous basis and would use its commercially reasonable efforts to have such registration statement declared effective as soon as practicable after the filing thereof and no later than the earlier of (x) the 90th calendar day (or the 120th calendar day if the SEC notified PubCo that it would “review” the registration statement) following the Closing Date and (y) the 10th business day after the date PubCo was notified by the SEC that such shelf registration statement would not be “reviewed” or would not be subject to further review. Pursuant to the Registration Rights Agreement, PubCo also granted certain demand and piggyback registration rights to the Holders. All of the costs of these registrations shall be borne by PubCo, other than selling commissions incurred by the Holders. Under the Registration Rights Agreement, PubCo has agreed to indemnify the Holders and certain persons or entities related to them, such as their officers, directors, employees, agents, and representatives, against any losses or damages resulting from any untrue statement or omission of a material fact in any registration statement or prospectus pursuant to which they sold Registrable Securities, unless such liability arose from their misstatement or omission. The Holders agreed to indemnify PubCo and certain persons or entities related to PubCo, such as its officers, directors, and underwriters, against all losses caused by their misstatements or omissions in those documents.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See Item 18 of this Report for consolidated financial statements and other financial information.

We are not a party to, nor are we aware of, any legal proceeding, investigation or claim which, in the opinion of Management, is likely to have a material adverse effect on our business, financial condition or results of operations.

B. Significant Changes

A discussion of significant changes since December 31, 2023 and/or since June 30, 2024, is provided under Item 4 of this Report and is incorporated herein by reference.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Listing of Ordinary Shares and Warrants

The Ordinary Shares and Warrants are currently listed on Nasdaq under the symbols “BDMD” and “BDMD W”, respectively. Holders of Ordinary Shares and Warrants should obtain current market quotations for their securities. There can be no assurance that the Ordinary Shares and Warrants will remain listed on Nasdaq. If the Company fails to comply with the Nasdaq listing requirements, the Ordinary Shares and Warrants could be delisted from Nasdaq. In particular, Nasdaq has initial and continuing listing standards, including public float and round lot holder requirements. A delisting of the Ordinary Shares and Warrants will likely affect the liquidity of the Ordinary Shares and Warrants and could inhibit or restrict the ability of the Company to raise additional financing.

Warrants

Upon the completion of the Business Combination, there were 11,500,000 Warrants outstanding. Each of the Warrants is exercisable for one Ordinary Share at an exercise price of \$11.50 per Ordinary Share, and will become exercisable 30 days after the completion of the Business Combination. The Warrants will expire five years after the completion of the Business Combination or earlier upon redemption or liquidation in accordance with their terms.

Lock-Up Agreements

At Closing, Baird Medical and PubCo entered into the Lock-Up Agreement, pursuant to which Baird Medical agreed not to transfer any Ordinary Shares acquired by it in the Share Contribution prior to the earlier of (a) a change of control of PubCo or (b) six months from Closing. The Lock-Up Agreement allows for transfers to certain permitted transferees so long as such transferee agrees to the same restrictions on the transfer of the Ordinary Shares that apply to Baird Medical.

B. Plan of Distribution

Not applicable.

C. Markets

The Ordinary Shares and Warrants are currently listed on Nasdaq under the symbols “BDMD” and “BDMD W”, respectively. Holders of Ordinary Shares and Warrants should obtain current market quotations for their securities. There can be no assurance that the Ordinary Shares and Warrants will remain listed on Nasdaq. If the Company fails to comply with the Nasdaq listing requirements, the Ordinary Shares and/ or Warrants could be delisted from Nasdaq. In particular, Nasdaq has continuing listing standards, including public float and round lot holder requirements. A delisting of the Ordinary Shares and Warrants will likely affect the liquidity of the Ordinary Shares and Warrants and could inhibit or restrict the ability of the Company to raise additional financing.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issuer

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

PubCo's authorized share capital consists of: (i) 500,000,000 ordinary shares, par value US\$0.0001 per ordinary share, and (ii) 5,000,000 Series A convertible preferred shares, par value US\$0.0001 per convertible preferred share ("Series A Preferred Shares"). Information regarding PubCo's Ordinary Shares is included in the Proxy Statement/Prospectus under the section titled "*Description of Securities of PubCo – Ordinary Shares*" and is incorporated herein by reference.

Series A Preferred Shares

On September 30, 2024, 290,000 Series A Preferred Shares were issued to Grand Fortune Capital, LLC. As of the date of this Report, no other Series A Preferred Shares have been issued. The holders of Series A Preferred Shares are not entitled to any voting rights, but are entitled to dividends, which shall accrue at the rate of seven percent (7%) per annum on the original issue price of each Series A Preferred Share, which equates to \$10.00 per Series A Preferred Share ("Series A Original Issue Price"), payable in cash annually within thirty (30) days from the issuance of the Company's annual audit report, provided that, such dividends shall be payable by the Company only if the Company's reported EBITDA for such year is higher than the dividends so calculated. If the Company's reported EBITDA for such year is less than the dividends so calculated, and no dividends are paid as a result, such unpaid dividends shall be considered to be rolled into the balance of unpaid dividends to be paid in the following year. On or before the two-year anniversary of the Closing, being October 1, 2026, each Series A Preferred Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such Series A Preferred Share, into such number of fully-paid Ordinary Shares as is determined by dividing (a) the sum of (i) the Series A Original Issue Price and (ii) the amount of all accrued but unpaid dividends thereon, by (b) the Series A Original Issue Price, as appropriately adjusted in the event of any dividend, share split, combination or other similar recapitalization with respect to the Series A Preferred Shares. A holder of Series A Preferred Shares may elect to convert all or any portion of the Series A Preferred Shares owned by such holder into Ordinary Shares in accordance with the above terms.

B. Amended and Restated Memorandum and Articles of Association

Information regarding certain material provisions of the Amended and Restated Memorandum and Articles of Association of PubCo is included in the Proxy Statement/Prospectus under the section titled "*Description of Securities of PubCo*" and is incorporated herein by reference.

C. Material Contracts

Information regarding certain material contracts is included in the Proxy Statement/Prospectus under the section titled “*The Business Combination Proposal*”, “*Information about Baird Medical – Research and Development*” and “*PubCo’s Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financing Activities*”, respectively, and is incorporated herein by reference.

D. Exchange Controls and Other Limitations Affecting Security Holders

Under Cayman Islands law, there are no exchange control restrictions on investments in, or payments on, the Ordinary Shares. There are no special restrictions in the Amended and Restated Memorandum and Articles of Association of the Company or under Cayman Islands law that limit the right of shareholders who are not citizens or residents of the Cayman Islands to hold or vote the Ordinary Shares.

E. Taxation

Information regarding certain tax consequences of owning and disposing of Ordinary Shares and Warrants is included in the Proxy Statement/Prospectus under the section titled “*Material U.S. Federal Income Tax Considerations*” and is incorporated herein by reference.

F. Dividends and Paying Agents

The Company has never declared or paid any cash dividends and has no plan to declare or pay any dividends in the foreseeable future.

G. Statement by Experts

The consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2023 and 2022 incorporated by reference in this Report have been so incorporated by reference in reliance upon such report of Marcum Asia CPAs LLP, an independent registered public accounting firm, upon the authority of the said firm as expert in accounting and auditing.

The consolidated financial statements of the SPAC as of and for the years ended December 31, 2023 and 2022 incorporated by reference in this Report have been so incorporated by reference in reliance upon such report of Marcum LLP, an independent registered public accounting firm (which report contains an explanatory paragraph regarding the ability of the SPAC to continue as a going concern), upon the authority of the said firm as expert in accounting and auditing.

H. Documents on Display

Documents concerning the Company referred to in this Report may be inspected at the principal executive offices of the Company at Room 202, 2/F, Baide Building, Building 11, No.15 Rongtong Street, Yuexiu District, Guangzhou, Peoples Republic of China.

The Company is subject to certain of the informational filing requirements of the Exchange Act. Since the Company is a “foreign private issuer,” it is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and the officers, directors and principal shareholders of the Company are exempt from the reporting and “short-swing” profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of Ordinary Shares. In addition, the Company is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, the Company is required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent public accounting firm. The SEC also maintains a website at <http://www.sec.gov> that contains reports and other information that the Company files with or furnishes electronically to the SEC.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Quantitative and Qualitative Disclosures about Market Risk

Information regarding quantitative and qualitative disclosure about market risk is included in the Proxy Statement/Prospectus under the section titled “*PubCo’s Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk*” and is incorporated herein by reference.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Information pertaining to the Warrants is included in the Proxy Statement/Prospectus under the sections titled “*Description of Securities of PubCo—Public Stockholders’ Warrants*” and “*Description of Securities of PubCo—Redemption of Public Warrants*” and is incorporated herein by reference.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Not applicable.

Item 15. Controls and Procedures.

Not applicable.

Item 16. [Reserved]

Item 16A. Audit committee financial expert.

Not applicable.

Item 16B. Code of Ethics.

Not applicable.

Item 16C. Principal Accountant Fees and Services.

Not applicable.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 16F. Change in Registrant’s Certifying Accountant.

In connection with the Business Combination, on the Closing Date, Marcum LLP, which was the auditor for the SPAC, was informed that it would no longer be the SPAC’s auditor. Such cessation of audit services was effective upon the consummation of the Business Combination on the Closing Date.

The reports of Marcum LLP on the financial statements of the SPAC as of December 31, 2023 and December 31, 2022, and for the years ended December 31, 2023 and December 31, 2022 did not contain any adverse opinion or a disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope, or accounting principles. Marcum LLP’s audit reports contained an explanatory paragraph related to the substantial doubt of the SPAC’s ability to continue as a going concern.

During the periods from March 15, 2021 (inception) through December 31, 2023 and through the Closing Date, there were no disagreements with Marcum LLP on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure, which such disagreements, if not resolved to the satisfaction of Marcum LLP, would have caused Marcum LLP to make reference thereto in its reports on the financial statements of the SPAC for such periods. In its evaluation of the SPAC’s disclosure controls and procedures and internal control over financial reporting for the fiscal year ended December 31, 2023, and quarterly period ended June 30, 2024, the SPAC’s management identified material weaknesses related to EDGAR document preparation and ineffective review controls over that process, ineffective controls associated with review and reconciliation of related party transactions, and ineffective controls over vendor management and payment processing. Except for such material weaknesses, as described in Item 9A of the SPAC’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and Item 4 of the SPAC’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024, during the period from March 15, 2021 (inception) through December 31, 2023 and through the Closing, there were no “reportable events” as that term is described in paragraphs (A) through (D) of Item 16F(a)(1)(v) of Form 20-F.

The Company provided Marcum LLP with a copy of the disclosure it is making in this Report and requested that Marcum LLP furnish the Company with a letter addressed to the SEC, pursuant to Item 16F(a)(3) of Form 20-F, stating whether Marcum LLP agrees with the statements made by the Company in this Report, and if not, in which respects Marcum LLP does not agree. A copy of Marcum LLP’s letter to the SEC dated October 9, 2024 is attached as Exhibit 15.4 to this Report.

Following the consummation of the Business Combination on the Closing Date, Marcum Asia CPAs LLP remains as the independent registered public accounting firm of the Company.

Item 16G. Corporate Governance.

Not applicable.

Item 16H. Mine Safety Disclosure.

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Item 16J. Insider Trading Policies

Not applicable.

Item 16K. Cybersecurity.

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

The audited financial statements of SPAC as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 are set forth in the Proxy Statement/Prospectus on pages F-39 to F-60 and are incorporated herein by reference.

The unaudited condensed financial statements of SPAC as of June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 are set forth in the Proxy Statement/Prospectus on pages F-61 to F-83 and are incorporated herein by reference.

The audited consolidated financial statements of the Company as of December 31, 2023 and December 31, 2022 and for the years ended December 31, 2023 and 2022 are set forth in the Proxy Statement/Prospectus on pages F-2 to F-38 and are incorporated herein by reference.

The unaudited condensed consolidated financial statements of the Company as of June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 are included in pages F-2 to F-38 of this Report.

The unaudited pro forma consolidated financial information of the Company and SPAC are attached as Exhibit 15.1 to this Report.

**BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED
CONDENSED BALANCE SHEETS**

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BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As of	
	June 30, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,502,414	\$ 1,510,484
Accounts receivable, net	34,502,263	31,099,891
Inventories	1,118,800	1,142,569
Prepayments, net	9,698,126	5,814,691
Deposits and other assets, net	155,272	120,485
Due from related parties	2,874	394,582
Total Current Assets	46,979,749	40,082,702
NON-CURRENT ASSETS		
Property and equipment, net	7,886,814	6,138,694
Intangible assets, net	20,750	25,479
Deferred tax assets	756,143	814,372
Right-of-use assets	661,844	861,331
Deferred offering costs	984,774	875,258
Goodwill	58,026	59,375
Prepayments – non current	5,533,146	7,698,728
Deposits and other assets – non current	122,037	152,450
Total Non-Current Assets	16,023,534	16,625,687
Total Assets	\$ 63,003,283	\$ 56,708,389
CURRENT LIABILITIES		
Short-term bank loans	12,934,400	8,166,400
Tax payables	211,887	770,953
Salaries and benefits payable	707,470	750,635
Contract liability	539,447	499,905
Short-term lease liabilities	397,339	503,891
Accounts payable	543,344	550,188
Amounts due to a related party	3,308,109	3,785,250
Accrued listing expenses payable	1,637,481	2,172,651
Accrued expenses and other payables	1,216,311	864,687
Deferred tax liabilities	68,634	93,389
Long-term loan – current portion	834,449	817,485
Total Current Liabilities	22,398,871	18,975,434
NON-CURRENT LIABILITIES		
Long-term lease liabilities	200,157	412,121
Long-term loan – non current	1,150,603	1,613,579
Total Non-Current Liabilities	1,350,760	2,025,700
Total Liabilities	\$ 23,651,185	\$ 21,001,134
Commitments and Contingencies (Note 18)		
Equity		
Ordinary shares, \$0.0001 par value, 500,000,000 shares authorized; 29,411,765 shares issued and outstanding as of June 30, 2024 and December 31, 2023	2,941	2,941
Additional paid-in capital	18,850,292	18,850,292
Statutory reserve	4,557,151	4,508,366
Retained earnings	18,675,649	14,394,167
Accumulated other comprehensive loss	(2,833,852)	(2,005,122)
Total Baird Medical Investment Holdings Limited's Shareholders' Equity	39,252,181	35,750,644
Non-controlling interests	1,471	(43,389)
Total Liabilities and Equity	\$ 63,003,283	\$ 56,708,389

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Six months ended June 30,	
	2024	2023
Revenues	\$ 13,136,588	\$ 11,546,247
Cost of revenues	(1,645,559)	(2,042,987)
Gross profit	<u>11,491,029</u>	<u>9,503,260</u>
Operating expenses:		
Selling and marketing expenses	(1,168,576)	(1,649,196)
General and administrative expenses	(3,205,845)	(2,574,016)
Research and development expenses	(2,027,439)	(2,286,672)
Total operating expenses	<u>(6,401,860)</u>	<u>(6,509,884)</u>
Income from operations	5,089,169	2,993,376
Interest expense	(238,919)	(83,436)
Interest income	264	1,045
Subsidy income	265	24,435
Other expenses, net	5,627	1,516
Income before income tax	4,856,406	2,936,936
Income tax provision	(481,279)	(581,924)
Net income	4,375,127	2,355,012
Less: net income attributable to non-controlling interests	(44,860)	(24,653)
Net income attributable to Baird Medical Investment Holdings Limited's shareholders	<u>\$ 4,330,267</u>	<u>\$ 2,330,359</u>
Other comprehensive loss		
Foreign currency translation adjustment	\$ (828,730)	\$ (1,319,586)
Other comprehensive loss attributable to Baird Medical Investment Holdings Limited's shareholders	<u>(828,730)</u>	<u>(1,319,586)</u>
Comprehensive income	3,546,397	1,035,426
Non-controlling interests	(44,860)	(24,653)
Comprehensive income attributable to Baird Medical Investment Holdings Limited's shareholders	<u>\$ 3,501,537</u>	<u>\$ 1,010,773</u>
Basic and diluted earnings per common share*	<u>\$ 0.15</u>	<u>\$ 0.08</u>
Weighted average number of share outstanding – basic and diluted*	<u>29,411,765</u>	<u>29,411,765</u>

* The shares and per share information are presented on a retroactive basis to reflect the reorganization completed on August 3, 2023.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary Shares		Additional paid-in capital	Statutory reserve	Retained earnings/ (Accumulated deficit)	Accumulated other comprehensive (loss) income	Total shareholder's equity	Non-controlling interests	Total equity
	Shares	Amount							
Balance at December 31, 2022	29,411,765	\$ 2,941	\$ 18,850,292	4,395,319	\$ 3,961,236	\$ (1,276,434)	\$ 25,933,354	\$ (155,594)	\$ 25,777,760
Net income	—	—	—	—	2,330,359	—	2,330,359	24,653	2,355,012
Appropriation of statutory reserve	—	—	—	117,863	(117,863)	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	(1,319,586)	(1,319,586)	—	(1,319,586)
Balance at June 30, 2023	<u>29,411,765</u>	<u>\$ 2,941</u>	<u>\$ 18,850,292</u>	<u>4,513,182</u>	<u>\$ 6,173,732</u>	<u>\$ (2,596,020)</u>	<u>\$ 26,944,127</u>	<u>\$ (130,941)</u>	<u>\$ 26,813,186</u>

	Ordinary Shares		Additional paid-in capital	Statutory reserve	Retained earnings/ (Accumulated deficit)	Accumulated other comprehensive (loss) income	Total shareholder's equity	Non-controlling interests	Total equity
	Shares	Amount							
Balance at December 31, 2023	29,411,765	\$ 2,941	\$ 18,850,292	4,508,366	\$ 14,394,167	\$ (2,005,122)	\$ 35,750,644	\$ (43,389)	\$ 35,707,255
Net income	—	—	—	—	4,330,267	—	4,330,267	44,860	4,375,127
Appropriation of statutory reserve	—	—	—	48,785	(48,785)	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	(828,730)	(828,730)	—	(828,730)
Balance at June 30, 2024	<u>29,411,765</u>	<u>\$ 2,941</u>	<u>\$ 18,850,292</u>	<u>4,557,151</u>	<u>\$ 18,675,649</u>	<u>\$ (2,833,852)</u>	<u>\$ 39,252,181</u>	<u>\$ 1,471</u>	<u>\$ 39,253,652</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,375,127	\$ 2,355,012
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	592,743	412,421
Deferred tax benefit	17,212	62,789
Allowance for credit losses	—	452,339
Amortization of right-of-use assets	181,219	189,354
Changes in assets and liabilities:		
Accounts receivable	(4,139,051)	(9,902)
Inventories	(2,214)	372,402
Prepayments	(4,044,770)	(2,522,838)
Deposits and other assets	(10,655)	(123,061)
Right-of-use assets	—	(4,233)
Accounts payable	5,702	(45,973)
Contract liabilities	51,274	(135,872)
Lease liabilities	(299,861)	(187,745)
Accrued expenses and other payables	(141,643)	1,188,020
Taxes payable	(545,480)	(1,304,862)
Income tax receivables	—	(54,905)
Net cash (used in) provided by operating activities	<u>(3,960,397)</u>	<u>642,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(484,839)	(1,264,414)
Net cash used in investing activities	<u>(484,839)</u>	<u>(1,264,414)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term bank loans	8,454,600	3,607,500
Repayments of short-term bank loans	(3,465,000)	(2,886,000)
Repayment of long-term loan	(393,601)	—
Due from/(due to) related parties	(8,433)	(1,280,361)
Payment of listing cost	(130,349)	—
Net cash (used in) provided by financing activities	<u>4,457,217</u>	<u>(558,861)</u>
Effect of exchange rate changes	(20,051)	13,764
Net change in cash	<u>(8,070)</u>	<u>(1,166,565)</u>
Cash at beginning of year	\$ 1,510,484	\$ 1,710,926
Cash at end of period	<u>\$ 1,502,414</u>	<u>\$ 544,361</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	\$ 919,829	\$ 1,016,360
Cash paid for interest	\$ 238,919	\$ 83,436

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

Baird Medical Investment Holdings Limited (“PubCo”, or “the Company”) was incorporated as a private company under the laws of Cayman Island on June 16, 2023, as a direct wholly owned subsidiary of Better Medical Investment Holdings Limited.

On October 1, 2024 (the “Closing Date”), ExcelFin Acquisition Corp., a Delaware corporation (“SPAC”), Better Medical Investment Holdings Limited, a Cayman Islands exempted company (“Baird Medical”), Baird Medical Investment Holdings Limited, a Cayman Islands exempted company and a wholly-owned subsidiary of Baird Medical (“PubCo” or the “Company”), Tycoon Choice Global Limited, a business company limited by shares incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of Baird Medical (“Tycoon”), Better Medical Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of PubCo (“Merger Sub 1”), Better Medical Merger Sub 2, Inc., a Delaware corporation and a direct, wholly owned Subsidiary of PubCo (“Merger Sub 2”), and Better Medical NewCo, LLC, a Delaware limited liability company and a direct, wholly-owned Subsidiary of Better (“NewCo”), consummated the business combination (the “Closing”) pursuant to the terms of the Business Combination Agreement, dated as of June 26, 2023 (as amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024, the “Business Combination Agreement”), pursuant to which, among other things, (a) on August 3, 2023, Baird Medical contributed all of the issued shares of Tycoon held by Baird Medical (“Tycoon Shares”) to PubCo in exchange for Ordinary Shares such that Tycoon became a wholly-owned subsidiary of PubCo and Baird Medical received in exchange therefor 29,411,764 Ordinary Shares (the “Share Contribution”) valued at \$10.20 per share, that have an aggregate value equal to Three Hundred Million Dollars (\$300,000,000); (b) prior to Closing, Baird Medical transferred 1,948,138 Ordinary Shares (which shares did not include the Baird Medical Earnout Shares, as defined below) to Newco and the Minority Holders exchanged their ownership interests in Baird Medical for all of the outstanding ownership interests in Newco (the “Newco Share Contribution”); and (c) Merger Sub 1 merged with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of PubCo (the “First Merger”) and Merger Sub 2 merged with and into Newco, with Newco continuing as the surviving entity and wholly-owned subsidiary of PubCo (the “Second Merger”). However, 8,823,529 of the Ordinary Shares issued to Baird Medical (the “Baird Medical Earnout Shares”) will not vest unless and until within the eighth anniversary of the Closing (a) the volume weighted average price of the Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of PubCo occurs with an implied value at or above \$12.50 per share. The business purpose of the Second Merger was both to ensure compliance with Nasdaq’s public float requirement as well as to facilitate that additional PubCo shares would be held after closing by shareholders most likely to be long-term holders.

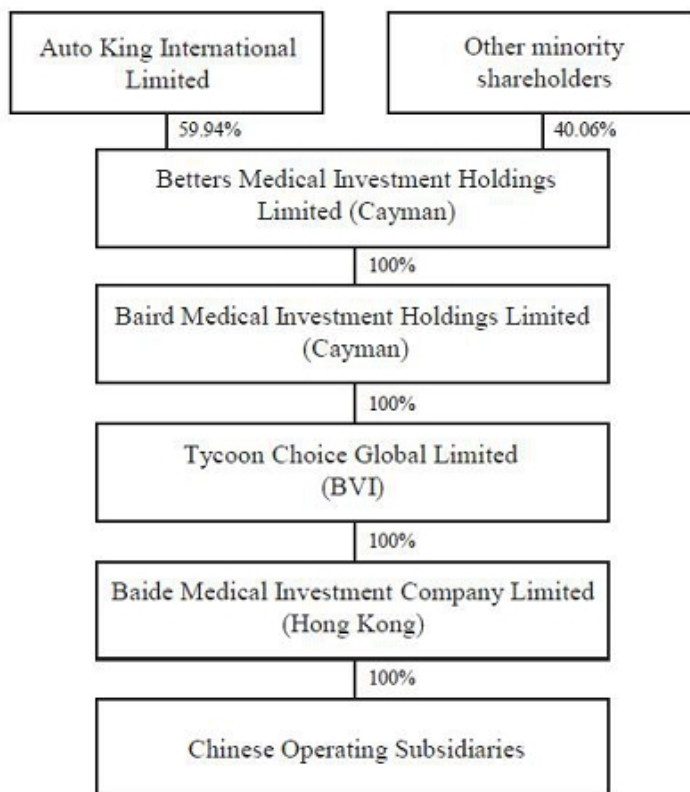
The Company had no operations prior to entering into the Business Combination Agreement. The Company’s sole purpose was to become a holding company following the Business Combination. Upon the Closing, the Company became the direct parent of SPAC, Tycoon and NewCo.

The Company’s ordinary shares, par value \$0.0001 per share (the “Ordinary Shares”), and the redeemable warrants to acquire one Ordinary Share at an exercise price of \$11.50 per Ordinary Share (“Warrants”) are trading on the Nasdaq Capital Market (“Nasdaq”) under the symbols “BDMD” and “BDMD W”, respectively.

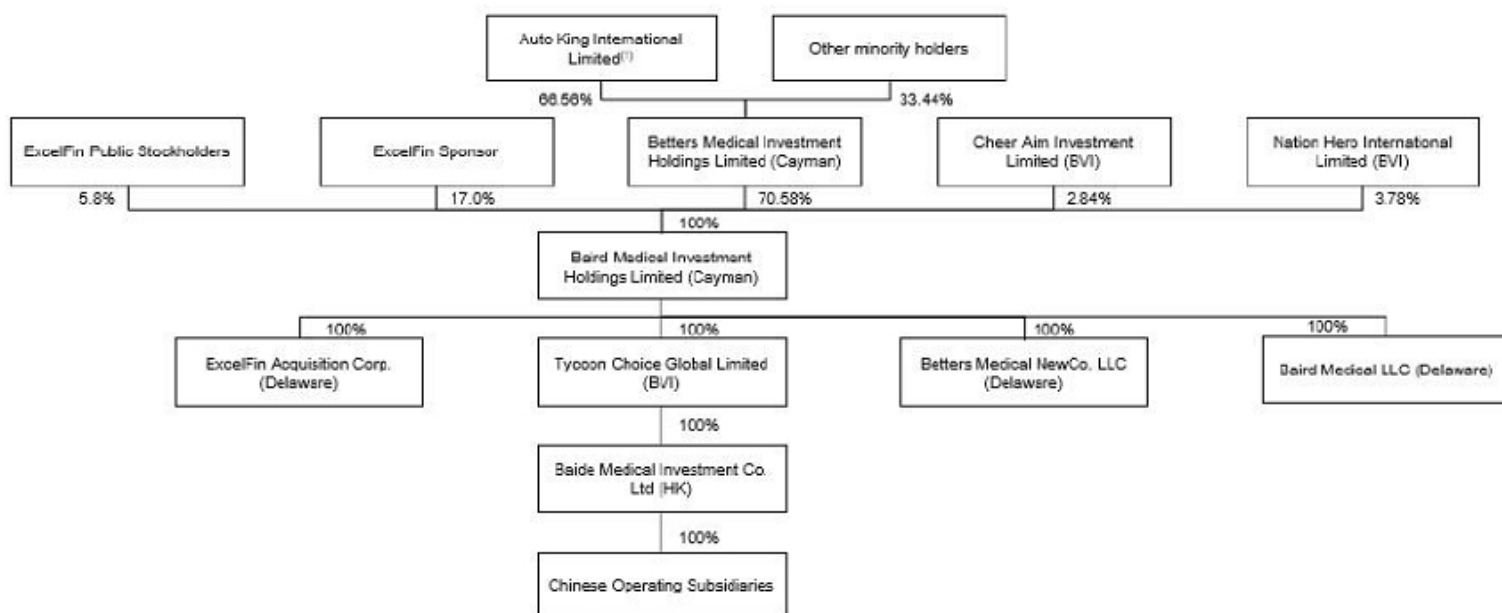
The principal business activities of the Company and its subsidiaries are to engage in research and development, manufacture and sales of microwave ablation (“MWA”) and other medical devices in the People’s Republic of China (the “PRC”).

As the Company was under same control of the shareholders and the Company’s entire equity interests were also ultimately held by the shareholders immediately prior to the reorganization, the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the year period ended December 31, 2023, and for the six months ended June 30, 2023 and 2024, respectively, or since the respective dates of incorporation/establishment of the relevant entity, where this is a shorter period. The movement in the Company’s authorized share capital and the number of ordinary shares outstanding and issued in the Company are also detailed in the Note 15.

The ownership structure of the Company before Closing was as follows:



The ownership structure of the Combined Company giving effect to the Business Combination is as follows:



As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of Entity	Date of Incorporation/ Acquisition	Place of Incorporation	Shareholders	% of Equity Ownership	Principal Activities
Baird Medical LLC	November 29, 2023	Delaware (US)	PubCo	100%	Sales of MWA medical devices
Bettors Medical NewCo, LLC (“NewCo”)	June 17, 2024 / October 1, 2024	Delaware (US)	PubCo	100%	Holding
ExcelFin Acquisition Corp. (“SPAC” or “ExcelFin”)	March 15, 2021 / October 1, 2024	Delaware (US)	PubCo	100%	Holding
Tycoon Choice Global Limited (“Tycoon”)	January 8, 2021	BVI	PubCo	100%	Holding
Baide Medical Investment Company Limited (“Baide HK”)	January 29, 2021	Hong Kong	Tycoon	100%	Holding
Baide (Guangdong) Capital Management Company Limited (“Baide Capital”)	March 3, 2021	The PRC	Baide HK	100%	Sales of MWA medical devices and investment holding
Guangzhou Dedao Capital Management Company Limited (“Dedao”)	March 4, 2021	The PRC	Baide Capital	99%	Holding
Guangzhou Baihui Corporate Management Company Limited	December 4, 2020	The PRC	Dedao	99%	Holding
Guangzhou Zhengde Corporate Management Company Limited	December 4, 2020	The PRC	Dedao	99%	Holding
Guangzhou Yide Capital Management Company Limited	December 10, 2020	The PRC	Dedao	99%	Holding
Baide (Suzhou) Medical Company Limited (“Baide Suzhou”)	June 5, 2012	The PRC	Zhengde Yide, and Baihui	99%	Research and development, sales of MWA and other medical devices and investment holding
Henan Ruide Medical Instrument Company Limited	July 6, 2018	The PRC	Baide Suzhou	99%	Sales of MWA and other medical devices

Name of Entity	Date of Incorporation/ Acquisition	Place of Incorporation	Shareholders	% of Equity Ownership	Principal Activities
Nanjing Changcheng Medical Equipment Company Limited (“Nanjing Changcheng”)	January 28, 2016	The PRC	Baide Suzhou	99%	Research and development, manufacture and sales of MWA and other medical devices
Guizhou Baiyuan Medical Company Limited	September 21, 2017	The PRC	Baide Suzhou	99%	Sales of other medical devices
Guoke Baide (Guangdong) Medical Company Limited (“Guoke Baide”)	July 5, 2019	The PRC	Baide Suzhou	99%	Sales of MWA medical devices
Hunan Baide Medical Technology Company Limited	November 26, 2019	The PRC	Baide Suzhou	99%	Sales of MWA medical devices
Ruikede Biological Technology (Xiamen) Company Limited (“Ruikede Xiamen”)	July 17, 2019	The PRC	Baide Suzhou	99%	Sales of MWA medical devices
Guangzhou Fangda Medical Technology Company Limited	December 22, 2022	The PRC	Baide Capital	100%	Sales of MWA medical devices
Junde (Guangzhou) Medical Technology Company Limited	November 14, 2022	The PRC	Guoke Baide	99%	Sales of MWA medical devices
Shengde (Guangzhou) Medical Technology Company Limited	November 29, 2022	The PRC	Baide Capital	100%	Sales of MWA medical devices
Suzhou Kangchuang Medical Company Limited	December 6, 2022	The PRC	Baide Capital	100%	Sales of MWA medical devices

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and to the rules and regulations of the Securities and Exchange Commission (“SEC”), which requires the Company to make judgments, estimates and assumptions that affect reported amount of assets, liabilities, revenue, costs and expenses, and any related disclosures. Although there was no material changes made to the accounting estimates and assumptions in the past two years, the Company continually evaluates these estimates and assumptions based on the most recently available information, the Company’s own historical experience and various other assumptions that the Company believes to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from expectations as a result of changes in the Company’s estimates.

The Company believes that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. Accordingly, these are the policies the Company believe are the most critical to understanding and evaluating the Company’s consolidated financial condition and results of operations.

Basis of presentation and principles of consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and to the rules and regulations of the Securities and Exchange Commission (“SEC”).

The accompanying unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealized profits arising from inter-company transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from inter-company transactions are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognized in consolidated profit or loss.

Use of estimates and assumptions

In preparing the unaudited condensed consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information as of the date of the consolidated financial statements. Significant estimates required to be made by management include, but are not limited to, useful lives of property and equipment, impairment of long-lived assets, allowance for credit losses, realizability of deferred tax assets, inventory allowance and prepayment for R&D. Actual results could differ from those estimates.

Functional currency and foreign currency translation

The Company’s reporting currency is the United States dollar (“US\$”). The Company’s operations are principally conducted through the PRC subsidiaries where the local currency is the functional currency. Assets and liabilities are translated at the unified exchange rate as quoted by the Federal Reserve at the end of the period. The statement of operations accounts is translated at the average translation rates and the equity accounts are translated at historical rates. Translation adjustments resulting from this process are included in accumulated other comprehensive income (loss). Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

Translation adjustments included in accumulated other comprehensive loss amounted to \$2.8 million and \$2.0 million as of June 30, 2024 and December 31, 2023, respectively. The balance sheet amounts, with the exception of shareholders’ equity at June 30, 2024 and December 31, 2023 were translated at RMB7.2672 and RMB7.0999 to \$1.00, respectively. The shareholders’ equity accounts were stated at their historical rate. The average translation rates applied to statement of operations accounts for the six months ended June 30, 2024 and 2023 were RMB7.2150 and RMB6.9300 to \$1.00, respectively. Cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the audited consolidated balance sheets.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value include:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The Company does not have any non-financial assets or liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

The Company's financial instruments consist principally of cash, accounts receivable and accounts payable.

As of June 30, 2024 and December 31, 2023, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and other liabilities approximated their fair values reported in the consolidated balance sheets due to the short-term maturities of these instruments.

Cash

Cash include cash in bank placed with banks, which have original maturities of three months or less at the time of purchase and are readily convertible to known amounts of cash.

Expected credit losses

In 2016, the FASB issued ASC Topic 326, which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses. The Company adopted ASC Topic 326 on January 1, 2021.

The Company's accounts receivable and other receivables included in prepayment and other current assets and other non-current assets are within the scope of ASC Topic 326.

For the year ended December 31, 2022 and first half year of 2023, the Company used an individual basis and pool basis of the customers sharing similar risk characteristics by applying the roll rate method under the Current Expected Credit Loss Model ("CECL Model"). The Company has identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products the Company provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company's receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on the Company's specific facts and circumstances. The Company uses roll rate method to calculate average expected loss rate under pool basis. The Company considers the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

For the second half year of 2023, the Company still used an individual basis and pool basis to assess credit losses. When reassessing its methodology for calculating expected credit losses for customers sharing similar risk characteristics, the Company changed from using roll rate method to aging group method. This change in technique is based on newly obtained information and is considered an accounting estimate change. According to ASC 326-20-30-7, the Company evaluated both internally generated data and reasonably accessible external data. The change was driven by the following factors:

- The slower turnover of customer capital and the lengthened payment approval cycle of hospitals, while not necessarily indicating increased credit risk, affect the collection period.
- Increased amount and proportion of accounts receivable more than 12 months overdue.
- Analysis of comparative companies' methodologies.

The change in the estimated credit loss rate was applied prospectively starting in the second half year of 2023. This change is based on the analysis conducted during the preparation of financial statements as of December 31, 2023, and is expected to provide a more accurate reflection of the Company's credit risk.

Accounts receivable is presented net of any allowance for credit losses. An allowance for credit losses is recorded in the period when loss is probable. The Company recognizes loss allowance for expected credit loss ("ECL") on accounts receivable. The Company writes off an account receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

For the six months ended June 30, 2024 and 2023, the credit period granted to the customers was generally for a period within 90 days. The Company's accounts receivable consists primarily of distributors, deliverers and hospitals. The Company accrued nil and \$0.5 million credit loss in expected for the six months ended June 30, 2024 and 2023, respectively.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. For the six months ended June 30, 2024 and 2023, no impairment loss on inventories was recognized.

Prepayments

Prepayment primarily consist of prepaid expense for R&D and advances to suppliers for purchasing goods, equipment or services that have not been received or provided. These advances are interest free, unsecured and are reviewed periodically to determine whether their carrying value has become impaired. An allowance for credit losses is recorded in the period when loss is probable. As of June 30, 2024, there was \$4,888 allowance for the credit losses. As of June 30, 2023, there was no allowance for the credit losses.

Deposits and other assets

Deposits and other assets primarily consist of deposit for office rental and long-term loan. These deposits and other assets are interest free, unsecured and short-term in nature and are reviewed periodically to determine whether their carrying value has become impaired. An allowance for credit losses is recorded in the period when loss is probable. As of June 30, 2024, there was \$0.1 million allowance for the credit losses. As of June 30, 2023, there was no allowance for the credit losses.

Property and equipment, net

Property and equipment are stated at historical cost less accumulated depreciation and impairment income, if any. Depreciation is calculated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

	Useful life
Machinery	3 – 10 years
Furniture, fixtures and equipment	3 – 5 years
Vehicles	4 years
Medical equipment	6 – 10 years
Leasehold improvement	Over the lease term or estimated useful lives of 5 years, whichever is shorter

Expenditures for maintenance and repairs are expensed as incurred. The gain or income on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive income.

Deferred offering costs

The Company complies with ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (“SAB”) Topic 5A — “Expenses of Offering”. Deferred offering cost consisted of underwriting, legal, accounting and other expenses incurred through the balance sheet date that were directly related to the Initial Public Offering (IPO), and it was charged to shareholders’ equity upon the completion of the IPO.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Company’s acquisitions of interests in its subsidiaries. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. The Company first assesses qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. In the qualitative assessment, the Company considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. Based on the qualitative assessment, if it is more likely than not that the fair value of a reporting unit is less than the carrying amount, the quantitative impairment test is performed.

This allocation process is only performed for the purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, allocation of assets, liabilities and goodwill to reporting units, and determination of the fair value of each reporting unit.

Intangible assets, net (other than goodwill)

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Amortization is provided on a straight-line basis over their useful lives as follows. The amortization expense is recognized in profit or loss and included in administrative expenses.

	Useful life
Patent	6 years
Software	5 years

The estimates and associated assumptions of useful life determined by the Company are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the functionalities and expiry date of the patent and software, the Company considers a useful life of 5 to 6 years to be their best estimation. Both the period and method of amortization are reviewed annually.

Impairment of long-lived assets other than goodwill

For other long-lived assets including property and equipment and other non-current assets, the Company evaluates for impairment whenever events or changes (triggering events) indicate that the carrying amount of an asset may no longer be recoverable. The Company assesses the recoverability of the long-lived assets by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to receive from use of the assets and their eventual disposition. Such assets are considered to be impaired if the sum of the expected undiscounted cash flows is less than the carrying amount of the assets. The impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company did not recognize any impairment loss for six months ended June 30, 2024 and 2023.

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, Leases, which specifies the accounting for leases. Earlier application is permitted for all entities as of February 25, 2016, the issuance date of the final standard. The Company adopted ASC 842 on January 1, 2021, along with all subsequent ASU clarifications and improvements that are applicable to the Company, to each lease that existed in the years presented in the financial statements, using the modified retrospective transition method and used the commencement date of the leases as the date of initial application. Consequently, financial information and the disclosures required under ASC 842 are provided for dates and years presented in the financial statements. The Company has applied the practical expedient to not recognize short-term leases with lease terms of one year or less.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset — this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

The Company as lessee

The Company classifies each lease as either an operating lease or financing lease at the lease commencement date. The classification is not revised unless the lease is modified and that modification is not accounted for as a separate lease.

The lease is classified as a financing lease if both of the following criteria are met:

- the present value of the lease payments and any residual value guarantee (from the lessee or an unrelated third party) equals or exceeds substantially all of the underlying asset’s fair value; and
- it is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee.

If none of the above criteria are met, then the lease is classified as an operating lease.

Both classifications result in the Company recognizing a right-of-use asset and a lease liability. The Company can elect not to apply the lessee accounting model to leases with a lease term of 12 months or less (i.e. short-term leases). A lease that contains a purchase option can qualify as a short-term lease if the lessee is not reasonably certain to exercise its option to purchase the underlying asset. The Company recognizes short-term lease payments as an expense on a straight-line basis over the lease term.

On initial recognition, the right-of-use asset is measured at the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement of the lease, plus any initial direct costs incurred and the amount of any provision recognized where the Company is contractually required to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

In an operating lease, right-of-use asset is subsequently amortized as the difference between the straight-line lease cost for the period and the periodic accretion of the lease liability using the effective interest method. In a financing lease, right-of-use asset is subsequently depreciated using the straight-line method from the commencement date of the lease over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The lease liability is subsequently measured by (i) increasing the carrying amount to reflect interest on the lease liability and (ii) reducing the carrying amount to reflect the lease payments made. The Company remeasured the lease liability to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

In cases of sale and leaseback transactions, if the transfer of the asset to the lessor does not qualify as a sale, then the transaction constitutes a failed sale and leaseback and is accounted for as a financing transaction. For a sale to have occurred, the control of the asset would need to be transferred to the buyer, and the buyer would need to obtain substantially all the benefits from the use of the asset.

Long-term loan

When the Company enters into sale-leaseback transactions as a seller-lessee, it applies the requirements in ASC 606 by assessing whether a contract exists and whether it satisfies a performance obligation by transferring control of an asset when determining whether the transfer of an asset shall be accounted for as a sale of the asset. If the Company transfers the control of an asset to the buyer-lessor, it accounts for the transfer of the asset as a sale and recognizes a corresponding gain or loss on disposal. The subsequent leaseback of the asset is accounted for in accordance with ASC 842 in the same manner as any other lease. If the Company does not transfer the control of an asset to the buyer-lessor, the failed sale-leaseback transaction is accounted for as a financing. The Company does not derecognize the transferred asset and accounts for proceeds received as borrowings for which the current portion is included in "long-term loan — current portion" and the non-current portion is included in "long-term loan — non-current" in the consolidated balance sheets.

Revenue recognition

Effective January 1, 2018, the Company adopted ASC Topic 606 using the modified retrospective adoption method. Based on the requirements of ASC Topic 606, revenue is recognized when control of the promised goods or services is transferred to the customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. The Company primarily sells its products to hospitals.

The Company adopted ASC Topic 606 for all periods presented. Consistent with the criteria of Topic 606, the Company follows five steps for its revenue recognition: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

According to ASC Topic 606, revenue is recognized when control of the promised good or service is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company's revenue is primarily derived from sales of medical devices. Customers obtain control of goods when either the goods are delivered to the customer or picked up by the customer and such customer has accepted the goods. Revenue is thus recognized at the point in time when the customers have accepted the goods.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Company is an agent).

The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Company acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Company acts as a principal in the sales of medical devices to hospitals (i.e. directly or through deliverers) and distributors as the Company controls the medical devices before that they are transferred to customers, and accordingly recognizes the revenue which the Company expects to be entitled from the sales of goods to its end-customers.

Revenue from sales of medical devices

The Company sells medical devices through two channels, which is directly or through deliverers to hospitals, and through distributors to the end customers. Various sources of revenue of the Company is recognized on the following bases:

(1) Revenue from sales to hospitals

The Company acts as a principal in the sales of medical devices to hospitals (i.e., directly or through deliverers) as the Company controls the medical devices before they are transferred to end-customers (i.e., hospitals).

The key indicators that demonstrate the Company's control over the products include: (i) it is the Company's responsibility to fulfill the promise of providing products to the hospitals through deliverers, in which the deliverers are just acting on the Company's behalf. The deliverers bear no rights and obligations on the medical devices and the deliverers do not take any responsibility on the product damage before and after the products are delivered to the hospital's designated premises and accepted by the hospital; (ii) the Company, instead of the deliverers, are subject to the inventory risk given that the deliverers are prohibited from delivering products to end-customers other than the designated hospitals (as designated through the authorization letter); and (iii) the selling prices of products are predetermined by the Company at tender price. The deliverers do not have pricing power and are only entitled to a specific service fee calculated as a fixed percentage of the relevant transaction of products which is a commission or fee basis. From the above indicators, the deliverers do not obtain control of the medical devices and thus the Company still retain control over the products before the products are delivered to the hospital's designated premises and accepted by the hospital. Under such limitation, the deliverers do not act as the 'principal' in the sales through deliverer model and therefore the designated hospitals are not the 'customer' of the deliverer. In other words, the deliverers are instructed by the Company to transfer the medical devices to the designated hospital. As such, it is determined that the Company is the principal, and the deliverers are the agents. Since the Company remains the principal over the goods regardless of if the goods are delivered to the hospital directly by the Company or through the deliverers as agents, there is no significant difference between the two types of good delivery as to when risk or control is transferred to the customer and when revenue is recognized from sales to hospitals.

The Company presents the revenue generated from its sales of products on a gross basis as the Company is a principal.

(2) Revenue from sales to distributors

The Company acts as a principal in the sales of medical devices to distributors as the Company controls the medical devices before they are transferred to distributors.

The revenue is recognized at a point in time when the Company satisfies its performance obligation by transferring the promised product to its customers, the distributors, upon acceptance. The performance obligation is considered to be met and revenue is recognized when distributors obtain control of the goods or when risks and rewards are transferred to distributors which bear all inventory risks and revenue is recognized when the goods are accepted by the distributor.

The Company did not recognize any revenue from contracts with customers for performance obligations satisfied over time during the six months ended June 30, 2024 and 2023.

The transaction price is generally in the form of a fixed price which is agreed with the customer at contract inception. The transaction price is recorded net of any sales return, surcharges and value-added taxes on gross sales. Customers are required to pay over an agreed-upon credit period.

Return rights

Some of the Company's contract with customers from the sales of goods provides customers a right of return (a right to exchange for the same product or to be refund in cash due to faulty products). For the six months ended June 30, 2024 and 2023, there is no significant sales return.

Value-added taxes and surcharges

The Company presents revenue net of value-added taxes ("VAT") and surcharges incurred. Surcharges are sales related taxes representing the City Maintenance and Construction Tax and Education Surtax. VAT and surcharges collected from customers, net of VAT paid for purchases, are recorded as a liability in the consolidated balance sheets until these are paid to the tax authorities.

Disaggregation of revenue

The Company disaggregates its revenue by major products and customers, as the Company believes it best depicts the amount of its revenue and cash flows. See Note 19 to the segment reports.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Company does not have contract assets for the years presented.

Contract liabilities

The contract liabilities represent consideration that the Company has received but has not satisfied the related performance obligations. Contract liabilities primarily relate to the payments received for product selling in advance of revenue recognition. The increase in contract liabilities over the prior year was a result of the increase in consideration received from the Company's customers, which was in line with the growth of revenues in product sales. Due to the generally short-term duration of the relevant contracts, the majority of the performance obligations are satisfied within one year. The revenue recognized for six months ended June 30, 2024 and 2023 that were previously included in the contract liabilities balances was as of December 31, 2023 and 2022 were \$30,353 and \$0.1 million, respectively.

The Company's contract liabilities amounted to \$0.5 million and \$0.5 million as of June 30, 2024 and December 31, 2023, respectively. The revenue expected to be recognized on the remaining performance obligations of these contracts as of June 30, 2024 will be \$0.5 million is expected to be recognized in the following 12 months.

Value-added taxes ("VAT")

Revenue represents the invoiced value of goods or service, net of VAT. The VAT is based on gross sales price and VAT rates range up to 13%, depending on the type of goods or service provided. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in tax payables. All of the VAT returns filed by the Company's subsidiaries in China, have been and remain subject to examination by the tax authorities for five years from the date of filing.

Research and development expenses

Research and development ("R&D") expenses consist primarily of outsourced research and development costs, payroll and related expenses for research and development professionals, materials, sample testing fee, and depreciation of machinery and equipment for research and development. Nonrefundable payments made in advance to third-party R&D service provider for the related services is recorded as prepayments in the consolidated balance sheets until the services are rendered under ASC 730-20-25-13. Research and development costs are expensed as incurred in accordance with ASC 730. The Company recognizes R&D expenses based on the completion percentage of each R&D contract at the end of each quarter according to monthly discussions and progress meeting (if any) with internal management personnel and external R&D service providers or completion progress report provided by the third party-R&D service providers as to the progress or stage of completion of services.

Income taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are accounted for using an asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purpose. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive income in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred.

Uncertain tax positions

The guidance on accounting for uncertainties in income taxes prescribes a more likely than not threshold for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Company's uncertain tax positions and determining its provision for income taxes. The Company did not recognize any significant interest and penalties associated with uncertain tax positions for six months ended June 30, 2024 and 2023. As of June 30, 2024 and 2023, the Company did not have any significant unrecognized uncertain tax positions.

In accordance with PRC Tax Administration Law on the Levying and Collection of Taxes, the PRC authorities generally have up to five years to assess underpaid tax plus penalties and interest for PRC entities' tax filings. In case of tax evasion, which is not clearly defined in the law, there is no limitation on the tax years open for investigation. Accordingly, the PRC entities remain subject to examination by the tax authorities based on above.

Subsidy income

Subsidy income primarily consist of financial subsidies received from local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. The government subsidies with no further conditions to be met are recorded as "Other income, net" when received. The government subsidies with certain operating conditions are recorded as liabilities when received and will be recorded as operating income when the conditions are met. For the six months ended June 30, 2024 and 2023, the Company received financial subsidies of \$265 and \$0.02 million from the local PRC government authorities, respectively.

Statutory reserves

As stipulated by the relevant PRC laws and regulations applicable to the Company's entities in the PRC, the Company is required to make appropriations from net income as determined in accordance with the PRC GAAP to non-distributable reserves, which include a statutory surplus reserve. The PRC laws and regulations require that annual appropriations of 10% of after-tax income should be set aside prior to payments of dividends as reserve fund, the appropriations to statutory surplus reserve are required until the balance reaches 50% of the PRC entity registered capital. The Company allocate income of \$0.05 million and \$0.1 million to statutory reserves during the six months ended June 30, 2024 and 2023, respectively.

Business combination and noncontrolling interests

The Company accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. During the measurement period, which can be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded as gain or loss on the consolidated statements of operations and comprehensive loss.

In a business combination achieved in stages, the Company re-measures the previously held equity interests in the acquiree when obtaining control at its acquisition date fair value and the re-measurement gain or loss, if any, is recognized in the consolidated statements of operations and comprehensive loss.

For the Company's majority-owned subsidiaries, noncontrolling interests are recognized to reflect the portion of the equity which is not attributable, directly or indirectly, to the Company as the controlling shareholder. Noncontrolling interests acquired through a business combination are recognized at fair value at the acquisition date, which is estimated with reference to the purchase price per share as of the acquisition date.

Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity of the Company during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders.

Other comprehensive income (loss), as presented in the consolidated statements of operations and comprehensive income, consists of foreign currency translation adjustments.

Related parties

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence, such as a family member or relative, shareholder, or a related corporation.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Earnings per share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares and potential common shares outstanding during the period. The computation of diluted earnings per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts) on earnings per share. For the six months ended June 30, 2024 and 2023, there were no dilutive shares.

Segment reporting

ASC 280, Segment Reporting, establishes standards for companies to report in their financial statement information about operating segments, on a basis consistent with Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments.

The Company's Chief Executive Officer is the chief operating decision-maker ("CODM") that reviews the consolidated financial results including revenue, gross profit and operating profit at a consolidated level when making decisions about allocating resources and assessing the performance of the Company as a whole. The Company has determined that it operates in one operating segment. The Company's revenue and net income are substantially derived from sales of MWA and other medical devices in the PRC. The Company does not distinguish between markets for the purpose of making decisions about resources allocation and performance assessment. The Company's operations are primarily based in the PRC, where the Company derives a substantial portion of their revenues. All of the Company's non-current assets are located in the PRC. Therefore, the Company has one reportable segment in accordance with ASC 280, Segment Reporting.

Change in Accounting Estimates

Expected credit losses

For the year ended December 31, 2022 and first half year of 2023, the Company used an individual basis and pool basis of the customers sharing similar risk characteristics by applying the roll rate method under the Current Expected Credit Loss Model ("CECL Model"). The Company has identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the products the Company provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company's receivables. Additionally, external data and macroeconomic factors are also considered. They are assessed at each quarter based on the Company's specific facts and circumstances. The Company uses roll rate method to calculate average expected loss rate under pool basis. The Company considers the co-relationship between micro economic environment and overall default rate and calculated the future adjustment indicator use logistic regression model.

For the second half year of 2023, the Company still used an individual basis and pool basis to assess credit losses. When reassessing its methodology for calculating expected credit losses for customers sharing similar risk characteristics, the Company changed from using roll rate method to aging group method. This change in technique is based on newly obtained information and is considered an accounting estimate change.

According to ASC 326-20-30-7, the Company evaluated both internally generated data and reasonably accessible external data. The change was driven by the following factors:

- The slower turnover of customer capital and the lengthened payment approval cycle of hospitals, while not necessarily indicating increased credit risk, affect the collection period.
- Increased amount and proportion of accounts receivable more than 12 months overdue.
- Analysis of comparative companies' methodologies.

The change in the estimated credit loss rate was applied prospectively starting in the second half year of 2023. This change is based on the analysis conducted during the preparation of financial statements as of December 31, 2023, and is expected to provide a more accurate reflection of the Company's credit risk.

As a result of this change in accounting estimate, the allowance for expected credit losses for accounts receivable as of December 31, 2023, is summarized below:

	Individual basis	Aging group basis	Total
Trade accounts receivable	\$ 1,991,596	\$ 31,949,487	\$ 33,941,083
Less: allowance for doubtful accounts	(1,991,596)	(849,596)	(2,841,192)
Accounts receivable, net	-	\$ 31,099,891	\$ 31,099,891
Allowance Ratio	100%	2.7%	8.4%

The Company made provisions if customers have no new transactions with the Company for more than six months and have no subsequent collection during January 1, 2024 to April 30, 2024, or the accounts receivable with a long aging period over than one year and have no subsequent collection during January 1, 2024 to April 30, 2024.

The result of this change in technique did not have a material impact to the allowance for expected credit losses. The Company also does not expect this change to cause a material impact to the allowance for expected credit losses for future period.

Recent accounting pronouncements

The Company considers the applicability and impact of all accounting standards updates (“ASUs”). Management periodically reviews new accounting standards that are issued. Under the Jumpstart Our Business Startups Act of 2012, as amended (the “JOBS Act”), the Company meets the definition of an emerging growth company, or EGC, and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, as part of its Simplification Initiative to reduce the cost and complexity in accounting for income taxes. This standard removes certain exceptions related to the approach for intra period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also amends other aspects of the guidance to help simplify and promote consistent application of GAAP. ASU 2019-12 is effective for the Company’s annual reporting period ended December 31, 2022 and interim periods during the year ended December 31, 2023. On January 1, 2023, the Company adopted ASU 2019-12, “Simplifying the Accounting for Income Taxes (Topic 740). The adoption of ASU 2019-12 did not have a material impact to our consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

In March 2023, the FASB issued ASU 2023-01, Leases (Topic 842) — Common Control Arrangements (“ASU 2023-01”). It requires all lessees, including public business entities, to amortize leasehold improvements associated with common control leases over their useful life to the common control group and account for them as a transfer of assets between entities under common control through an adjustment to equity when the lessee no longer controls the use of the underlying asset. ASU 2023-01 is effective for the Company from January 1, 2024, with early adoption permitted. The Company will adopt this standard in the first quarter of 2024, and do not expect the adoption of this standard to have a material impact on our financial statements.

In October 2023, the FASB issued ASU 2023-06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This ASU incorporates certain U.S. Securities and Exchange Commission (SEC) disclosure requirements into the FASB Accounting Standards Codification. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC’s regulations. For entities subject to the SEC’s existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. The Company does not expect the adoption of ASU 2023-06 to have a material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures.” This ASU expands required public entities’ segment disclosures, including disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items and interim disclosures of a reportable segment’s profit or loss and assets. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company plans to adopt this guidance effective January 1, 2025 and the adoption of this ASU is not expected to have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which enhances the transparency of income tax disclosures. The amendments in ASU 2023-09 requires (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 on a prospective basis, with the option to apply the standard retrospectively. Early adoption is permitted. The Company is currently evaluating ASU 2023-09 to determine the impact it may have on its consolidated financial statements disclosures.

NOTE 3 — BUSINESS ACQUISITION

Investment in Ruikede Xiamen

Ruikede Xiamen was established in the PRC with limited liability on July 17, 2019 and was an indirect 80%-owned subsidiary of Baide Suzhou and the remaining 20% equity interest is owned by Wang Jing. On November 25, 2022, Baide Suzhou entered into an equity transfer agreement and purchased the remaining 20% equity interest of Ruikede Xiamen for consideration of nil, holding 100% of Ruikede Xiamen equity interest. Such transfer was registered on December 2, 2022. As of December 31, 2022, the non-controlling interests which amounted to \$3,350 corresponding to the remaining 20% of equity interest of Ruikede Xiamen was transferred to the additional paid in capital. The total assets and net assets of Ruikede Xiamen as of December 31, 2023 and 2022 were all \$0.5 million. The total assets and net assets of Ruikede Xiamen as of June 30, 2024 were both \$0.4 million.

NOTE 4 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Accounts receivable	\$ 37,278,883	\$ 33,941,083
Less: allowance for credit losses	(2,776,620)	(2,841,192)
Accounts receivable, net	<u>\$ 34,502,263</u>	<u>\$ 31,099,891</u>

The Company’s accounts receivable consists primarily of distributors and direct customers. The Company recorded a provision for current expected credit loss. The balance of gross accounts receivable was \$37.3 million and \$34.0 million as of June 30, 2024 and December 31, 2023, against which write-off of trade receivable of \$0.2 million and \$0.2 million was made as of June 30, 2024 and December 31, 2023, and an allowance for expected credit losses of \$2.8 million and \$2.8 million was made as of June 30, 2024 and December 31, 2023.

The movement of the allowance for credit losses is as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Balance at the beginning of the year	\$ (2,841,192)	\$ (644,669)
Additions charged to allowance for expected credit losses	(636,674)	(452,339)
Recovery of allowance for expected credit losses	636,674	—
Foreign currency translation adjustments	64,572	51,572
Balance at the end of the year	<u>\$ (2,776,620)</u>	<u>\$ (1,045,436)</u>

Majority of the accounts receivable are expected to be recovered within one year. The aging of accounts receivable is calculated from the expiry date of the customer's credit terms which is different with the aging accounts receivable based on the number of days. The Company generally grant trade debtors a credit period of 30 to 90 days. If accounts receivable of a customer is not yet aged beyond the credit period, the aging of the receivable will be classified as not overdue in the following table. An aging analysis of the Company's accounts receivable calculated from the expiration date of the customer's credit terms is as follows:

	As of	
	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Not Overdue	\$ 7,215,244	\$ 9,941,205
Within 90 days	5,098,031	10,373,938
Between 3 and 6 months	9,690,248	6,188,966
Between 6 months and a year	12,268,362	5,982,205
Over a year	3,006,998	1,454,769
	<u>\$ 37,278,883</u>	<u>\$ 33,941,083</u>

Receivables that were neither past due nor impaired relate to a large number of customers for whom there was no recent history of default. Majority amounts are short-term. The Company mortgaged \$5.8 million and \$4.4 million of these receivables for bank loans as of June 30, 2024 and December 31, 2023, respectively. The net carrying value of accounts receivable is considered a reasonable approximation of fair value.

On December 29, 2023, the Company entered into a supplemental agreement with China CITIC Bank Suzhou Branch ("CITIC") pursuant to which the Company collateralized \$4.4 million of its accounts receivable to secure all loans entered into, or which may be entered into, before December 29, 2024, pursuant to loan agreements between the Company or its wholly-owned subsidiaries, as borrowers, and CITIC, as lender, inclusive of any loan principal amounts, installment payments, interest thereon and costs thereof, which may become due during such period. Before the maturity date of such loans, the Company may use the cash received from the collection of accounts receivable without any restrictions, and the Company is not required to assign the rights to receive such accounts receivable to CITIC. If the Company defaults on the repayment of such loans, the Company must transfer the accounts receivable it receives to a designated bank account of CITIC, which account CITIC is authorized to supervise. CITIC is authorized to use any amount deposited into the designated bank account to offset the amounts outstanding under such defaulted loans. In September 2024, the Company entered an additional supplemental agreement with CITIC pursuant to which the related terms of collateral of accounts receivable were waived. As of June 30, 2024, these bank loans were repaid according to CITIC's payment schedule.

On January 30, 2024, the Company entered into a collateral agreement with Hangzhou Bank pursuant to which the Company collateralized \$1.4 million of its accounts receivable to secure the loan entered into pursuant to loan agreement between the Company's wholly-owned subsidiaries Nanjing Changcheng, as borrowers, and Hangzhou Bank, as lender, inclusive of any loan principal amounts, installment payments, interest thereon and costs thereof, which may become due during such period. Before the maturity date of such loans, the Company may use the cash received from the collection of accounts receivable without any restrictions, and the Company is not required to assign the rights to receive such accounts receivable to Hangzhou Bank. If the Company defaults on the repayment of such loans, the Company must transfer the accounts receivable it receives to a designated bank account of Hangzhou Bank, which account Hangzhou Bank is authorized to supervise. Hangzhou Bank is authorized to use any amount deposited into the designated bank account to offset the amounts outstanding under such defaulted loans. As of June 30, 2024, the net carrying value of accounts receivable used as collateral for such bank loan in favor of Hangzhou Bank was \$1.4 million, as reflected in the Company's condensed consolidated balance sheets collateralized. The amount outstanding under the loan as of June 30, 2024 was \$1.4 million, with annual interest rates of 3.90%. The accrued interest on the loans was \$0.02 million for the six months ended June 30, 2024. The bank loan will be repaid according to Hangzhou Bank's payment schedule.

NOTE 5 — INVENTORIES

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Finished goods	\$ 362,417	\$ 312,871
Raw materials	420,227	516,346
Work in progress	336,156	313,352
Inventories	<u>\$ 1,118,800</u>	<u>\$ 1,142,569</u>

NOTE 6 — PREPAYMENTS, NET

Prepayments consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Prepayment for R&D	\$ 10,207,909	\$ 7,649,949
Prepayment for purchase of property and equipment	1,173,929	2,528,912
Prepayment for purchase of materials and others	2,996,233	2,726,440
Prepaid expense for others	858,089	613,120
Subtotal	<u>15,236,160</u>	<u>13,518,421</u>
Less: impairment loss	(4,888)	(5,002)
Subtotal, net	<u>15,231,272</u>	<u>13,513,419</u>
Less: Long term portion	(5,993,269)	(7,698,728)
Prepayments, net – current portion	<u>\$ 9,238,003</u>	<u>\$ 5,814,691</u>

Prepayments as of June 30, 2024 and December 31, 2023 were all made to third parties. The third-party R&D service provider issues a R&D progress report at the end of each period, and the Company recognizes the prepayment as R&D expenses based on the percentage of completion on the progress report, while the prepayment corresponding to uncompleted R&D is still recognized as prepayment.

The balance of the prepayment - impairment loss is as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Balance at the beginning of the year	\$ (5,002)	\$ —
Additions charged to the impairment loss	—	(5,016)
Foreign currency translation adjustments	114	14
Balance at the end of the year	<u>\$ (4,888)</u>	<u>\$ (5,002)</u>

NOTE 7 — DEPOSITS AND OTHER ASSETS, NET

Deposits and other assets, net consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Deposits	\$ 198,356	\$ 217,658
Other receivables	188,743	167,620
Subtotal	\$ 387,099	\$ 385,278
Less: allowance of credit loss	(109,790)	(112,343)
Subtotal, net	\$ 277,309	272,935
Less: Long term portion	(122,037)	(152,450)
Deposits and other assets- current portion	<u>\$ 155,272</u>	<u>\$ 120,485</u>

The movement of the allowance of credit losses is as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Balance at the beginning	\$ (112,343)	\$ —
Additions charged to allowance for expected credit losses	—	—
Foreign currency translation adjustments	2,553	—
Balance at the end	<u>\$ (109,790)</u>	<u>\$ —</u>

NOTE 8 — DEFERRED OFFERING COSTS

Deferred offering costs consist principally of legal fees and other fees incurred through the balance sheet date that are related to the proposed offering of the common shares. Deferred offering costs related to the offering will offset proceeds recorded as equity if the transaction is completed or charged to expense if the offering is not completed. As of June 30, 2024 and December 31, 2023, deferred offering costs were \$ 984,774 and \$875,258 respectively.

NOTE 9 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Leasehold improvement	\$ 4,620,734	\$ 4,656,762
Machinery	6,533,998	4,227,161
Furniture, fixtures and equipment	436,958	447,902
Motor vehicles	41,364	42,326
Medical equipment	333,414	341,168
Total	11,966,468	9,715,319
Less: Accumulated depreciation	(4,079,654)	(3,576,625)
Property and equipment, net	<u>\$ 7,886,814</u>	<u>\$ 6,138,694</u>

Depreciation expense was \$588,562 and \$393,639 for the six months ended June 30, 2024 and 2023, respectively. No impairment loss was recognized for the six months ended June 30, 2024 and 2023.

NOTE 10 — INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	
Patent	\$ 247,680	\$ 253,440
Software	41,500	42,465
Less: accumulated amortization	(268,430)	(270,426)
Intangible assets, net	<u>\$ 20,750</u>	<u>\$ 25,479</u>

The amortization expense was \$4,180 and \$18,782 for the six months ended June 30, 2024 and 2023, respectively. Estimated future amortization expense is as follows:

Years ending December 31,	Amortization expense
2024	4,150
2025	8,300
2026	8,300
Total	<u>\$ 20,750</u>

No impairment loss was recognized for six months ended June 30, 2024 and 2023.

NOTE 11 — SHORT-TERM BANK LOANS

Short-term bank loans are working capital loans from banks in China. Short-term bank loans as of June 30, 2024 consisted of the following:

Lender	Company	Guarantors/ Collateral	Effective Interest Rate	Issuance Date	Expiration Date	Amount- RMB	Amount-US\$
Taicang Sub-branch, Suzhou Branch, China Merchants Bank	Baide Suzhou	Guangzhou Baihui	3.90%	August 8, 2023	August 8, 2024	5,000,000	688,000
Taicang Sub-branch, Suzhou Branch, China Merchants Bank	Baide Suzhou	Guangzhou Baihui	2.50%	August 9, 2023	August 7, 2024	5,000,000	688,000
Taicang Sub-branch, Suzhou Branch, China Merchants Bank	Baide Suzhou	Nanjing Changcheng	2.50%	August 25, 2023	August 23, 2024	10,000,000	1,376,000
China Merchants Bank Guangzhou Guanggang New City Sub-Branch	Baide Suzhou	Nanjing Changcheng	2.50%	July 21, 2023	July 19, 2024	10,000,000	1,376,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng,	3.95%	May 14, 2024	May 14, 2025	4,000,000	550,400
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng,	4.15%	March 27, 2024	March 27, 2025	6,000,000	825,600
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng,	4.15%	June 28, 2024	March 27, 2025	10,000,000	1,376,000
Bank of Communications Suzhou Branch	Baide Suzhou	Nanjing Changcheng	3.40%	May 6, 2024	April 29, 2025	5,000,000	688,000
Bank of Communications Suzhou Branch	Baide Suzhou	Nanjing Changcheng	3.40%	May 11, 2024	April 29, 2025	5,000,000	688,000
China Minsheng Bank	Baide Suzhou	Nanjing Changcheng	4.10%	April 26, 2024	April 25, 2025	4,000,000	550,400
Industrial and Commercial Bank of China	Baide Suzhou	Nanjing Changcheng	3.00%	January 11, 2024	January 10, 2025	5,000,000	688,000
Industrial and Commercial Bank of China	Baide Suzhou	Nanjing Changcheng	3.00%	January 12, 2024	January 10, 2025	5,000,000	688,000
Bank of Nanjing	Nanjing Changcheng	/	4.05%	November 27, 2023	November 19, 2024	3,000,000	412,800
Hangzhou Bank	Nanjing Changcheng	\$1.4 million AR from Baide Suzhou	3.90%	January 30, 2024	January 29, 2025	10,000,000	1,376,000
Bank of China Nanjing Hexi Branch	Nanjing Changcheng	Baide Suzhou	3.36%	June 26, 2024	June 20, 2025	7,000,000	963,200
Total						94,000,000	\$ 12,934,400

Bank loans with expiration date before the report date had been repaid subsequently.

Short-term bank loans as of December 31, 2023 consisted of the following:

Lender	Company	Guarantors/ Collateral	Effective Interest Rate	Issuance Date	Expiration Date	Amount- RMB	Amount-US\$
Taicang Sub-branch, Suzhou Branch, China Merchants Bank	Baide Suzhou	Guangzhou Baihui	3.90%	August 8, 2023	August 8, 2024	5,000,000	704,000
Taicang Sub-branch, Suzhou Branch, China Merchants Bank	Baide Suzhou	Guangzhou Baihui	2.50%	August 9, 2023	August 7, 2024	5,000,000	704,000
Taicang Sub-branch, Suzhou Branch, China Merchants Bank	Baide Suzhou	Nanjing Changcheng	2.50%	August 25, 2023	August 23, 2024	10,000,000	1,408,000
China Merchants Bank Guangzhou Guanggang New City Sub-branch	Baide Suzhou	Nanjing Changcheng	2.50%	July 21, 2023	July 19, 2024	10,000,000	1,408,000
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng, AR from Baide Suzhou	3.95%	May 15, 2023	May 15, 2024	4,000,000	563,200
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng, AR from Baide Suzhou	3.95%	September 21, 2023	March 27, 2024	6,000,000	844,800
China CITIC Bank Suzhou Branch	Baide Suzhou	Nanjing Changcheng, AR from Baide Suzhou	4.15%	December 29, 2023	June 29, 2024	10,000,000	1,408,000
Bank of Nanjing	Nanjing Changcheng	/	4.05%	November 27, 2023	November 19, 2024	3,000,000	422,400
Bank of Nanjing	Nanjing Changcheng	/	3.95%	March 16, 2023	March 15, 2024	5,000,000	704,000
Total						58,000,000	\$ 8,166,400

Interest expense was \$238,919 and \$83,436 for the six months ended June 30, 2024 and 2023, respectively.

NOTE 12 — LONG-TERM LOAN

Long-term loan consisted of the following:

	As of	
	June 30, 2024 <u>(Unaudited)</u>	December 31, 2023
Financial liabilities	\$ 1,985,052	\$ 2,431,064
Less: current portion	(834,449)	(817,485)
Long-term loan	<u>\$ 1,150,603</u>	<u>\$ 1,613,579</u>

In September 2023, Nanjing Changcheng entered into a sale and leaseback agreements of \$3.0 million, with an unrelated third party for medical equipment. Nanjing Changcheng had acquired the control of the corresponding assets before entering into the sale and leaseback agreement, and at the end of the lease term, Nanjing Changcheng may exercise its contractual rights to purchase the leased equipment, renew the lease or return the leased equipment. If Nanjing Changcheng chooses to purchase the leased objects, the purchase price is \$14.1. As of the expiry date of the lease, some of the assets still have a useful life of around 6 years, and the purchase price of \$14.1 is much below the fair value. Therefore, under ASC 842-40, the transfer of the equipment was determined to be a failed sale. In accordance with ASC 842-40, the Company did not derecognize the equipment from its balance sheet and accounted for the amounts received under the sale and leaseback agreements as a financial liability. Nanjing Changcheng is obligated to make consecutive quarterly payments of approximately \$0.3 million, commencing in December 2023. As of June 30, 2024, the outstanding balance under the sale and leaseback agreements of Nanjing Changcheng was \$2.0 million. The agreements will mature in September 2026, with a purchase price of \$14.1 on the last repayment date.

Future loan payments under long-term loan as of June 30, 2024 were as follows:

Years ending December 31,	
2024	\$ 491,055
2025	982,112
2026	736,598
Total future loan payments	\$ 2,209,765
Less: imputed interest	(224,713)
Total long-term loan	\$ 1,985,052
Less: Long term portions	(1,150,603)
Long-term loan – current portions	<u>\$ 834,449</u>

NOTE 13 — LEASE

The Company's leasing activities primarily consist of operating leases for offices. The Company adopted ASC 842 effective January 1, 2018. ASC 842 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet. The Company has applied practical expedient to not recognize short-term leases with lease terms of one year or less on the balance sheet.

As of June 30, 2024, and December 31, 2023, the Company recorded right-of-use assets of approximately \$0.7 million and \$0.9 million and lease liabilities of approximately \$0.6 million and \$0.9 million, respectively, for operating leases as a lessee. Supplemental cash flow information related to operating leases was as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Cash payments for operating leases	\$ 318,622	\$ 214,009
Right-of-use assets obtained in exchange for operating lease liabilities	—	17,168

Future lease payments under operating leases as of June 30, 2024 were as follows:

	Operating leases
2024	\$ 209,805
2025	264,731
2026	115,359
2027	29,569
Total future lease payments	\$ 619,464
Less: imputed interest	(21,968)
Total lease liabilities	\$ 597,496
Less: Long term portions	(200,157)
Lease liabilities – current portions	\$ 397,339

The weighted-average remaining lease term was 2 years and 2 years as of June 30, 2024 and December 31, 2023, respectively.

The weighted-average discount rate used to determine the operating lease liability as of June 30, 2024 and December 31, 2023 was 5.73% and 5.69%, respectively.

Operating lease expenses for the six months ended June 30, 2024 and 2023 was \$0.2 million and \$0.2 million, respectively.

No lease contract was early terminated for the six months ended June 30, 2024 and 2023.

NOTE 14 — TAXES

Income tax

Cayman Islands

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gains. No Cayman Islands withholding tax is imposed upon payment of dividends by the Company to its shareholders.

British Virgin Islands

The Company is incorporated in the British Virgin Islands. Under the current laws of the BVI, an entity incorporated in the BVI are not subject to tax on income or capital gains.

United States

The Company has three U.S. subsidiaries Better Medical Merger Sub Inc., Better Medical Merger Sub 2, Inc. and Baird Medical LLC. Better Medical Merger Sub Inc. and Better Medical Merger Sub 2, Inc. are inactive holding companies. Baird Medical LLC's business is to sell MWA medical devices but is expected to incur loss in financial year of 2024. Therefore, there is no income tax provision for these entities in the six months ended June 30, 2024 and 2023.

Hong Kong

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was announced on the following day. Under the two-tiered profits tax rates regime, the first 2 million Hong Kong Dollar ("HKD") of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD 2 million will be taxed at 16.5%. The Company's Hong Kong subsidiaries did not have assessable profits that were derived in Hong Kong for the six months ended June 30, 2024 and 2023. Therefore, no Hong Kong profit tax was provided for the six months ended June 30, 2024 and 2023.

PRC

The Company's PRC subsidiaries are subject to the PRC Enterprise Income Tax Law ("EIT Law") and are taxed at the statutory income tax rate of 25%, except for Nanjing Changcheng and Baide Suzhou who are registered as High and New-Tech enterprises according to the PRC tax regulations and entitled to a preferential tax rate of 15% for the six months ended June 30, 2024 and 2023.

Certain subsidiaries of the Company have been qualified as "Small Profit Enterprises". From January 1, 2022 to December 31, 2022, 12.5% of the first RMB 1.0 million, approximately \$138,600, of the assessable profit before tax is subject to preferential tax rate of 20% and the 25% of the assessable profit before tax exceeding RMB 1.0 million but not exceeding RMB 3.0 million is subject to preferential tax rate of 20%. From January 1, 2023 to December 31, 2027, 25% of the first RMB 3.0 million, approximately \$ 415,800, of the assessable profit before tax is subject to the tax rate of 20%.

The components of the income tax provision are as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Current tax expense	\$ 464,067	\$ 519,135
Deferred tax benefit	17,212	62,789
Income tax provision	\$ 481,279	\$ 581,924

(Loss) income before income taxes is attributable to the following geographic locations for the six months ended June 30, 2024 and 2023:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Hong Kong	\$ (175,998)	\$ (350,274)
PRC	5,032,404	3,296,295
	\$ 4,856,406	\$ 2,946,021

Deferred tax assets and liabilities

The significant components of the deferred tax assets and liabilities are as follows:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Deferred tax assets:		
Allowance for expected credit losses	\$ 411,032	\$ 420,988
Net operating loss carryforward	739,964	732,294
Lease liabilities	60,470	102,639
Total deferred tax assets	\$ 1,211,466	\$ 1,255,921
Less: Valuation allowance	(455,323)	(441,549)
Deferred tax assets, net	\$ 756,143	\$ 814,372
Deferred tax liabilities:		
Right-of-use assets	68,634	93,389
Total deferred tax liabilities	\$ 68,634	\$ 93,389

The movement of valuation allowance for deferred tax assets for the years presented is as follows:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Unaudited)
Beginning balance	\$ (441,549)	\$ (405,796)
Increase in valuation allowance	(23,809)	(47,604)
Foreign exchange	10,035	11,851
Ending balance	\$ (455,323)	\$ (441,549)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the cumulative earnings and projected future taxable income in making this assessment. Recovery of substantially all of the Company's deferred tax assets is dependent upon the generation of future income, exclusive of reversing taxable temporary differences.

Valuation allowances have been established for deferred tax assets based on a more-likely-than-not threshold. Under the applicable accounting standards, management has considered some subsidiaries of the Group's history of losses and concluded that it is more likely than not that these subsidiaries will not generate future taxable income prior to the expiration of their net operating losses. As a result, management assessed a valuation allowance of \$455,323 and \$441,549 as of June 30, 2024 and December 31, 2023 respectively.

Tax Payables

The Company's tax payables consist of the following:

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
VAT tax payable	\$ 197,255	\$ 281,363
Income tax payable	6,872	448,230
Other tax payables	7,760	41,360
Total tax payables	<u>\$ 211,887</u>	<u>\$ 770,953</u>

Uncertain tax positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of June 30, 2024 and December 31, 2023, the Company did not have any significant unrecognized uncertain tax positions.

NOTE 15 — ORDINARY SHARES

The Company was incorporated as a private company under the laws of Cayman Island on June 16, 2023, as a direct wholly owned subsidiary of Better Medical Investment Holdings Limited. The share capital of is 500,000,000 authorized with par value of \$0.0001 each. issued. As of June 30, 2024 and December 31, 2023, there were both 29,411,765 shares of ordinary shares issued and outstanding.

NOTE 16 — EARNINGS PER SHARE

Basic and diluted earnings per share have been calculated in accordance with ASC 260 for the six months ended June 30, 2024, and 2023. Shares issuable for little consideration have been included in the number of outstanding shares used for basic loss per share.

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Numerator:		
Net income attributable to ordinary shareholders	\$ 4,330,267	\$ 2,330,359
Denominator:		
Weighted average number of ordinary shares outstanding, basic and diluted	29,411,765	29,411,765
Net income per share, basic and diluted	\$ 0.15	\$ 0.08

Basic and diluted earnings per ordinary share is computed using the weighted average number of ordinary shares outstanding during the year. ordinary shares are included in the calculation of the weighted average number of ordinary shares outstanding, basic and diluted.

NOTE 17 — RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. The related parties that had balances with the Company as of June 30, 2024 and December 31, 2023 consisted of:

(a) Related party balances

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	
Due from related parties:		
Haimei Wu ⁽¹⁾	\$ —	\$ 391,641
Betters Medical Investment Holdings Limited	2,874	2,941
Total	\$ 2,874	\$ 394,582
Due to related parties:		
Betters Medical Investment Holdings Limited ⁽²⁾	\$ 3,308,109	\$ 3,785,250
Total	\$ 3,308,109	\$ 3,785,250

(1) Haimei Wu is a major shareholder of Betters Medical Investment Holdings Limited. The balance is non-trade nature, unsecured, interest-free and subsequently settled. The nature of this advance is a temporary fund advance to Haimei Wu, as of December 31, 2023, Ms. Wu owed the Company \$0.4 million. As of June 30, 2024, the \$0.4 million of amount due from Ms. Wu was fully collected.

(2) Betters Medical Investment Holdings Limited is the shareholder of Barid Medical investment Holding Limited. The nature of the balance is mainly the listing expenses paid by Betters Medical Investment Holdings Limited on behalf of the Company.

NOTE 18 — COMMITMENTS AND CONTINGENCIES

The Company did not have significant capital and other commitments, long-term obligations, or guarantees as of June 30, 2024 and December 31, 2023.

In the ordinary course of the business, the Company is subject to periodic legal or administrative proceedings. As of December 31, 2023 and June 30, 2024, the Company is not a party to any legal or administrative proceedings which will have a material adverse effect on the Company's business, financial position, results of operations and cash flows.

NOTE 19 — SEGMENT INFORMATION AND REVENUE ANALYSIS

The Company follows ASC 280, Segment Reporting, which requires that companies to disclose segment data based on how management makes decision about allocating resources to each segment and evaluating their performances. The Company has one reporting segment. The Company's chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company.

97% of all revenues are derived from China based on the geographical locations where products sold to customers. In addition, the Company's long-lived assets are all located in China, and the amount of long-lived assets attributable to any individual other country is not material. Therefore, no geographical segments are presented.

The Company has disclosed the type of revenue by type of customers as follows.

	Six months ended June 30,	
	2024	2023
	(Unaudited)	
Distributors	\$ 7,822,407	\$ 3,931,512
Direct customers ⁽¹⁾	5,314,181	7,614,735
Total	\$ 13,136,588	\$ 11,546,247

(1) Revenue from direct customers include revenue from sales of medical devices to hospitals (i.e. directly or through deliverers).

Timing of revenue recognition

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
At a point of time	\$ 13,136,588	\$ 11,546,247

Furthermore, the Company has disclosed revenue by major product type as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
MWA devices	\$ 13,128,316	\$ 11,019,358
– MWA needles	11,671,519	10,762,402
– MWA therapeutic apparatus	1,456,797	256,956
Other medical devices	8,272	526,889
Total	\$ 13,136,588	\$ 11,546,247

NOTE 20 — CONCENTRATIONS OF RISKS

Foreign exchange risk

The Company's sales, purchase and expense transactions are generally denominated in RMB and a significant portion of the Company's liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies.

In the PRC, foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China. In addition, the Company's cash denominated in US\$ subject the Company to risks associated with changes in the exchange rate of RMB against US\$ and may affect the Company's results of operations going forward.

Credit and concentration risk

The Company's credit risk arises from cash and cash equivalents, prepayments and other current assets, and accounts receivable. The carrying amounts of these financial instruments represent the maximum amount of income due to credit risk.

The Company expects that there is no significant credit risk associated with the cash and cash equivalents which are held by reputable financial institutions in the jurisdictions where the Company and its subsidiaries are located. The Company believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

The Company has no significant concentrations of credit risk with respect to its prepayments.

Accounts receivable is typically unsecured and are derived from revenue earned from customers. The risk with respect to accounts receivable is mitigated by credit evaluations performed on them. The Company generally grants trade debtors a credit period of 30 to 90 days. The policy for impairment on accounts receivable is based on the assessment of the recoverability of the accounts receivable. If trade debtors delay payment in part or at all, the Company's cash flow and working capital may be adversely affected. Also, the Company may incur impairment loss which will adversely affect the financial position and results of operation.

Customer concentration risk

For the six months ended June 30, 2024, four customers accounted for 23.8%, 18.2%, 15.2% and 12.2% of the Company's total revenue. Other than that, no single customer comprises over 10% of revenue as for the six months ended June 30, 2024. No single customer comprises over 10% of revenue as for the six months ended June 30, 2023.

Accounts receivable from deliverer group, subsidiaries of a listed company which is principally engaged in the distribution of medical devices and pharmaceutical products in the PRC, accounted for 25.8% and 22.3% of the total balance of the Company's accounts receivable as of June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024, two additional customers accounted for 13.1% and 12.4% of the total balance of accounts receivable. As of December 31, 2023, one additional customer accounted for 11.8% of the total balance of accounts receivable. Other than that, no single customer comprises over 10% of accounts receivable as of June 30, 2024 and December 31, 2023, respectively.

Vendor concentration risk

For six months ended June 30, 2024, five vendors accounted for 25.3%, 17.9%, 17.7%, 13.5% and 11.8% of the Company's purchase of inventories and equipment. For the six months ended June 30, 2023, no single vendor comprises over 10% of the Company's purchase of inventories and equipment.

Accounts payable to above vendors was nil and \$0.2 million as of June 30, 2024 and December 31, 2023, respectively. Prepayments to the above vendors were \$2.5 million and \$0.6 million as of June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024, four vendors accounted for 26.9%, 20.1%, 12.9% and 11.1% of the total balance of accounts payable. As of December 31, 2023, three vendors accounted for 28.9%, 16.6% and 11.3% of the total balance of accounts payable.

NOTE 21 — SUBSEQUENT EVENTS

The Company has evaluated the impact of events that have occurred subsequent to June 30, 2024, through the date the unaudited condensed consolidated financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the unaudited condensed consolidated financial statements or disclosure in the notes to the unaudited condensed consolidated financial statements, except as follow:

Bank loans

On August 26, 2024, Nanjing Changcheng borrowed a loan of \$0.3 million (RMB 2 million) with the term of 12 months from Bank of Nanjing.

On September 13, 2024, Baide Suzhou borrowed a loan of \$1.4 million (RMB 10 million) with the term of 6 months from China Merchants Bank.

On September 26, 2024, Nanjing Changcheng borrowed a loan of \$0.4 million (RMB 3 million) with the term of 9 months from Bank of China.

NOTE 22 — PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Pursuant to the requirements of Rule 12-04(a), 5-04(c) and 4-08(e)(3) of Regulation S-X, the condensed financial information of the parent company shall be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with such requirement and concluded that it was applicable to the Company as the restricted net assets of the Company's subsidiaries exceeded 25% of the consolidated net assets of the Company. Therefore, the condensed financial statements for the parent company are included herein.

For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the Company's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party.

The condensed financial information of the parent company has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company used the equity method to account for investment in its subsidiaries. Such investment is presented on the condensed balance sheets as "Investment in subsidiaries" and the respective profit or loss as "Share of profit of subsidiaries" on the condensed statements of income.

The footnote disclosures contain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S GAAP have been condensed or omitted.

As of June 30, 2024 and December 31, 2023, there were no material contingencies, significant provisions for long-term obligations, or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

Condensed balance sheets

	As of	
	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Amounts due from related parties	2,941	2,941
Investments in subsidiaries	\$ 39,249,241	\$ 35,747,703
Total Assets	\$ 39,252,182	\$ 35,750,644
Shareholders' Equity		
Ordinary shares, \$0.0001 par value, 500,000,000 shares authorized; 29,411,765 shares issued and outstanding as of June 30, 2024 and December 31, 2023	\$ 2,941	2,941
Additional paid-in capital	18,850,292	18,850,292
Retained earnings	23,232,800	18,902,533
Accumulated other comprehensive loss	(2,833,851)	(2,005,122)
Total Shareholders' Equity	39,252,182	35,750,644
Total Liabilities and Shareholders' Equity	\$ 39,252,182	\$ 35,750,644

Unaudited condensed statements of comprehensive income

	For Six months ended June 30,	
	2024	2023
Share of profit in subsidiaries, net (Note a)	\$ 4,330,267	\$ 2,339,444
Income before income tax	4,330,267	2,339,444
Income tax provision	—	—
Net income	4,330,267	2,339,444
Other comprehensive (loss) income		
Foreign currency translation loss	\$ (828,730)	(1,319,586)
Comprehensive income	\$ 3,501,537	\$ 1,019,858

Unaudited condensed statements of cash flows

	For Six months ended June 30,	
	2024	2023
Cash flows from operating activities		
Net income	\$ 4,330,267	\$ 2,339,444
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity income in subsidiaries	(4,330,267)	(2,339,444)
Net cash provided by operating activities	—	—
Cash at beginning of year	\$ —	\$ —
Cash at the end of the year	\$ —	\$ —

(a) Basis of presentation

In the parent company only condensed financial statements, the Company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since inception.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted and as such, these parent company only condensed financial statements should be read in conjunction with the Company's consolidated financial statement.

ITEM 19.

EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
<u>1.1*</u>	<u>Amended and Restated Memorandum and Articles of Association of Baird Medical Investment Holdings Limited.</u>
<u>2.1*</u>	<u>Specimen Ordinary Share Certificate.</u>
<u>2.2*</u>	<u>Specimen Warrant Certificate.</u>
<u>4.1</u>	<u>Business Combination Agreement, dated June 26, 2023, as amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024 (incorporated by reference to Exhibits 2.1, 2.2, 2.3, 2.4, and 2.5 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024).</u>
<u>4.2</u>	<u>First Amendment to the Business Combination Agreement, dated March 11, 2024 (incorporated by reference to Exhibit 2.2 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024).</u>
<u>4.3</u>	<u>Second Amendment to the Business Combination Agreement, dated May 16, 2024 (incorporated by reference to Exhibit 2.3 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024).</u>
<u>4.4</u>	<u>Third Amendment to the Business Combination Agreement, dated June 17, 2024 (incorporated by reference to Exhibit 2.4 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024).</u>
<u>4.5</u>	<u>Fourth Amendment to the Business Combination Agreement, dated August 23, 2024 (incorporated by reference to Exhibit 2.4 of Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024).</u>
<u>4.6</u>	<u>Warrant Agreement, dated October 21, 2021, by and between ExcelFin Acquisition Corp. and American Stock Transfer & Trust Company, as warrant agent (filed as Exhibit 4.1 to Baird Medical Investment Holdings Limited's Registration Statement on Form F-4, filed with the SEC on August 26, 2024).</u>
<u>4.7*</u>	<u>Warrant Assignment, Assumption and Amendment Agreement, dated October 1, 2024, by and among ExcelFin Acquisition Corp., Baird Medical Investment Holdings Limited and American Stock Transfer & Trust Company, LLC, in its capacity as Warrant Agent.</u>
<u>4.8*</u>	<u>Lock-Up Agreement, by and between Betters Medical Investment Holdings Limited and Baird Medical Investment Holdings Limited, dated October 1, 2024.</u>
<u>8.1*</u>	<u>List of Subsidiaries of Baird Medical Investment Holdings Limited.</u>
<u>15.1*</u>	<u>Unaudited Pro Forma Condensed Combined Financial Statements.</u>
<u>15.2*</u>	<u>Consent of Marcum Asia CPAs LLP.</u>
<u>15.3*</u>	<u>Consent of Marcum LLP.</u>
<u>15.4*</u>	<u>Letter of Marcum LLP to the SEC.</u>

* Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this report on its behalf.

Baird Medical Investment Holdings Limited

October 9, 2024

By: /s/ Haimei Wu

Name: Haimei Wu

Title: Chairwoman and Chief Executive Officer

**THE COMPANIES ACT (AS REVISED)
EXEMPTED COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF**

Baird Medical Investment Holdings Limited

(conditionally adopted by way of a special resolution passed on October 1, 2024 and to become effective immediately prior to the listing of the Company's ordinary shares on NASDAQ with effect from October 1, 2024)

1. The name of the Company is Baird Medical Investment Holdings Limited.
2. The registered office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted and shall include, without limitation:
 - (a) to act and perform all the functions of a holding company in all its branches and to coordinate the policy and administration of any subsidiary company or companies wherever incorporated or carrying on business or of any group of companies of which the Company or any subsidiary company is a member or which are in any manner controlled directly or indirectly by the Company; and
 - (b) to act as an investment company and for that purpose to subscribe, acquire, hold, dispose, sell, deal in or trade upon any terms, whether conditionally or absolutely, shares, stock, debentures, debenture stock, annuities, notes, mortgages, bonds, obligations and securities, foreign exchange, foreign currency deposits and commodities, issued or guaranteed by any company wherever incorporated, or by any government, sovereign, ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, by original subscription, tender, purchase, exchange, underwriting, participation in syndicates or in any other manner and whether or not fully paid up, and to meet calls thereon.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Act.
5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.



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7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is US\$50,500 divided into 505,000,000 shares of a nominal or par value of US\$0.0001 each, consisting of two share classes as follows: (i) 500,000,000 ordinary shares of a nominal or par value of US\$0.0001 each and (ii) 5,000,000 series A convertible preferred shares of a nominal or par value of US\$0.0001 each.
9. The Company may exercise the power contained in the Companies Act to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.



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The Companies Act (As Revised)
Exempted Company Limited by Shares

THE AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

Baird Medical Investment Holdings Limited

(conditionally adopted by way of a special resolution passed on October 1, 2024 and to become effective immediately prior to the listing of the Company's ordinary shares on NASDAQ with effect from October 1, 2024)



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THE COMPANIES ACT (AS REVISED)
EXEMPTED COMPANY LIMITED BY SHARES

THE AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF

Baird Medical Investment Holdings Limited

TABLE A

1. The regulations in Table A in the Schedule to the Companies Act (As Revised) do not apply to the Company.

INTERPRETATION

2. (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

WORD

“Act”

“Affiliate”

MEANING

The Companies Act, Cap. 22 (As Revised) of the Cayman Islands.

in respect of any given Person, any other Person that, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such person or entity, and (a) in the case of a natural Person, shall include, without limitation, such Person’s spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, a trust solely for the benefit of any of the foregoing, a company, partnership or entity wholly owned by one or more of the foregoing, and (b) in the case of an entity, shall include a partnership, a corporation or any natural person or entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term “control” in this definition shall mean the ownership, directly or indirectly, of securities possessing more than 50% of the voting power of the corporation, or the partnership or other entity (other than, in the case of corporation, securities having such power only by reason of the happening of a contingency not within the reasonable control of such partnership, corporation, natural person or entity), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity.



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“Articles”	these Articles in their present form or as supplemented or amended or substituted from time to time.
“Audit Committee”	the audit committee of the Company formed by the Board pursuant to Article 123, or any successor audit committee.
“Auditor”	the independent auditor of the Company which shall be an internationally recognized firm of independent accountants.
“Beneficial Own”, “Beneficially Owned” or “Beneficial Ownership”	“beneficially own”, “beneficially owned” or “beneficial ownership”, as applicable (as such terms are defined in Rule 13d-3 under the Exchange Act) and each such beneficial owner, a “Beneficial Owner”.
“Bidders Director”	has the meaning set forth in Article 86.
“Bidders Member”	Bidders Medical Investment Holdings Limited, an exempted company incorporated in the Cayman Islands with company number CT 370557.
“Board” or “Directors”	the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.
“capital”	the share capital from time to time of the Company.
“clear days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“clearing house”	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction.
“Company”	Baird Medical Investment Holdings Limited.
“Compensation Committee”	the compensation committee of the Board established pursuant to these Articles, or any successor committee.
“competent regulatory authority”	a competent regulatory authority in the territory where the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such territory.
“debenture” and “debenture holder”	include debenture stock and debenture stockholder respectively.



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“Designated Stock Exchange”	the stock exchange in the United States of America on which any shares are listed for trading.
“dollars” and “\$”	dollars, the legal currency of the United States of America.
“Effective Date”	being the Closing Date as defined in the Business Combination Agreement, dated June 26, 2023, made by and among ExcelFin Acquisition Corp., Better Member, the Company, Better Medical Merger Sub, Inc. and Tycoon Choice Global Limited.
“Exchange Act”	the Securities Exchange Act of 1934, as amended.
“head office”	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
“Independent Director”	a director who is an independent director as defined in the applicable rules and regulations of the Designated Stock Exchange.
“Member”	a duly registered holder from time to time of the shares in the capital of the Company.
“Memorandum of Association”	the memorandum of association of the Company, as amended from time to time.
“month”	a calendar month.
“Nominating Committee”	the nominating committee of the Board established pursuant to these Articles, or any successor committee.
“Notice”	written notice unless otherwise specifically stated and as further defined in these Articles.
“Office”	the registered office of the Company for the time being.
“Officer”	any officer for the time being and from time to time of the Company.
“ordinary resolution”	a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 60, or approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;



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“Ordinary Shares”	ordinary shares of a nominal or par value of US\$0.0001 each of the Company having the rights and subject to the restrictions set out in these Articles including but not limited to the Schedules hereto.
“paid up”	paid up or credited as paid up.
“Person”	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires, other than in respect of a Director or Officer in which circumstances Person shall mean any person or entity permitted to act as such in accordance with the laws of the Cayman Islands.
“Register”	the principal register and where applicable, any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.
“Registration Office”	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.
“Schedules”	Schedule 1 and Schedule 2 hereto.
“Seal”	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the Cayman Islands or in any place outside the Cayman Islands.
“SEC”	The United States Securities and Exchange Commission or any other federal agency for the time being administering the Securities Act.
“Securities Act”	mean the U.S. Securities Act 1933 as amended, or any similar federal statute and the rules and regulations of the SEC thereunder as the same shall be in effect from time to time.
“Secretary”	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
“Series A Preferred Shares”	series A convertible preferred shares of a nominal or par value of US\$0.0001 each of the Company, each having the rights and subject to the restrictions set out in these Articles including but not limited to the Schedules.



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“shares” or “Shares”	the Ordinary Shares and/or SeriesA Preferred Shares of par value US\$0.0001 each, as the context may require, including a fraction of a share.
“special resolution”	<p>a resolution shall be a special resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 60 or approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;</p> <p>a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.</p>
“Sponsor Director”	has the meaning set forth in Article 86.
“Sponsor Member”	ExcelFin SPAC LLC.
“Statutes”	the Act and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum of Association and/or these Articles.
“Tax Filing Authorised Person”	such Person as any Director shall designate from time to time, acting severally.
“year”	a calendar year.

- (2) In these Articles, unless there be something within the subject or context inconsistent with such construction:
- (a) words importing the singular include the plural and vice versa;
 - (b) words importing a gender include both gender and the neuter;
 - (c) words importing persons include companies, associations and bodies of persons whether corporate or not;



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- (d) the words:
- (i) “may” shall be construed as permissive;
 - (ii) “shall” or “will” shall be construed as imperative;
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, email, facsimile, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, or represented by any other substitute or format for storage or transmission for writing or partly one and partly another provided that both the mode of service of the relevant document or Notice and the Member’s election comply with all applicable Statutes, rules and regulations;
- (f) any requirement as to delivery under the Articles include delivery in the form of an electronic record (as defined in the Electronic Transactions Act of the Cayman Islands) or an electronic communication;
- (g) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (h) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context;
- (i) references to a document (including, but without limitation, a resolution in writing) being signed or executed include references to it being signed or executed under hand or under seal or by electronic communication or by electronic signature or by any other method and references to a Notice or document include a Notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
- (j) Sections 8 and 19 of the Electronic Transaction Act of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles;
- (k) where a Member is a corporation, any reference in these Articles to a Member shall, where the context requires, refer to a duly authorised representative of such Member; and
- (l) references to “in the ordinary course of business” and comparable expressions mean the ordinary and usual course of business of the relevant party, consistent in all material respects (including nature and scope) with the prior practice of such party.

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Articles come into effect is US\$50,500 divided into 505,000,000 shares of a nominal or par value of US\$0.0001 each, consisting of two share classes as follows: (i) 500,000,000 ordinary shares of a nominal or par value of US\$0.0001 each and (ii) 5,000,000 series A convertible preferred shares of a nominal or par value of US\$0.0001 each.



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(2) Subject to the Act, the Schedules, the Company's Memorandum and Articles of Association and, where applicable, the rules and regulations of the Designated Stock Exchange, the SEC and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorized by these Articles for purposes of the Act. Subject to the Act, the Company is hereby authorized to make payments in respect of a redemption or purchase of its own shares in any manner authorized by the Act, including out of its capital. The purchase of any share shall not oblige the Company to purchase any other share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.

(3) The Company is authorized to hold treasury shares in accordance with the Act and may designate as treasury shares any of its shares that it purchases or redeems, or any share surrendered to it subject to the rules and regulations of the Designated Stock Exchange, the SEC and/or any competent regulatory authority. Shares held by the Company as treasury shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred as the Board may determine on such terms and subject to such conditions as it in its absolute discretion thinks fit in accordance with the Act subject to the rules and regulations of the Designated Stock Exchange, the SEC and/or any competent regulatory authority.

(4) The Company may accept the surrender for no consideration of any fully paid share unless, as a result of such surrender, there would no longer be any issued shares of the Company other than shares held as treasury shares.

(5) No share shall be issued to bearer.

ALTERATION OF CAPITAL

4. Subject to the restrictions set out in the Schedules, the Company may from time to time by ordinary resolution in accordance with the Act alter the conditions of its Memorandum of Association to:

- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) without prejudice to the powers of the Board under Article 13, divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that, for the avoidance of doubt, where a class of shares has been authorized by the Company no resolution of the Company in general meeting is required for the issuance of shares of that class and the Directors may issue shares of that class and determine such rights, privileges, conditions or restrictions attaching thereto as aforesaid, and further provided that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";



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- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under Article 4 and, in particular but without prejudice to the generality of the foregoing, may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise any person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Act, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.

7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. Subject to the provisions of the Act, the Schedules, the rules and regulations of the Designated Stock Exchange, the SEC and/or any competent regulatory authority and the Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, and without prejudice to Article 13, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine, including without limitation on terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.

9. Subject to the Act, the Schedules, the rules and regulations of the Designated Stock Exchange, the SEC and/or any competent regulatory authority and the Memorandum and Articles of Association, and to any special rights conferred on the holders of any shares or attaching to any class of shares, shares may be issued on the terms that may be or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.



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10. Subject to Article 13(1), the Memorandum of Association and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into two classes of shares, namely, Ordinary Shares and Series A Preferred Shares, the holders of which shall, subject to these Articles:

- (a) each holder of Ordinary Shares be entitled to one vote per Ordinary Share and each holder of Series A Preferred Shares be entitled to no voting right;
- (b) be entitled to such dividends as the Board may from time to time declare;
- (c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally, be entitled to enjoy all of the rights attaching to shares.

11. Each Ordinary Share and Series A Preferred Share shall have such rights and privileges and be subject to such restrictions as set out in the Schedules.

VARIATION OF RIGHTS

11. Subject to the Act and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. Subject to the restrictions set out in the Schedules, to every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:

- (a) the necessary quorum (whether at a separate general meeting or at its adjourned meeting) shall be a person or persons or (in the case of a Member being a corporation) its duly authorized representative together holding or representing by proxy not less than one-third in nominal value or par value of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall form a quorum (whatever the number of shares held by them));
- (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
- (c) any holder of shares of the class present in person or by proxy or authorised representative may demand a poll.

12. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.



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SHARES

13. (1) Subject to the Act, the Schedules, these Articles and, where applicable, the rules and regulations of the Designated Stock Exchange, the SEC and/or any competent regulatory authority and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to their nominal value.

(2) Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of preferred shares, no vote of the holders of preferred shares or ordinary shares shall be a prerequisite to the issuance of any shares of any class or series of the preferred shares authorized by and complying with the conditions of the Memorandum and Articles of Association.

(3) Subject to the restrictions set out in the Schedules, the Board may issue options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

14. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

15. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

16. Subject to the Act and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

17. Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.



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18. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

19. The Company is not obligated to issue a share certificate to a Member unless the Member requests it in writing from the Company. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.

20. Share certificates shall be issued within the relevant time limit as prescribed by the Act or as the SEC or Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act, and shall be signed by any two Officers authorized to sign share certificates. The Chairman of the Board and any president, chief executive officer, chief financial officer, vice president, treasurer, assistant treasurer, the Secretary (or an assistant Secretary) of the Company shall specifically be authorised to sign share certificates.

21. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article 21. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.

(2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.

22. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Board has determined that the original has been destroyed.



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LIEN

23. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually become due or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article 23.

24. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

25. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

26. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

27. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.

28. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

29. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty percent (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest in whole or in part.



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30. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

31. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

32. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

33. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

34. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one (1) month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

35. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:

- (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
- (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.



36. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.

37. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.

38. Any share so forfeited shall be deemed the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

39. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Board shall in its discretion so requires) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty percent (20%) per annum) as the Board shall determine. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article 39 any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

40. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

41. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

42. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.



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REGISTER OF MEMBERS

44. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:
- (a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;
 - (b) the date on which each person was entered in the Register; and
 - (c) the date on which any person ceased to be a Member.

(2) The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

45. The Register and branch register of Members, as the case may be, shall be open to inspection for such times and on such days as the Board shall determine by Members without charge or by any other person, upon a maximum payment of \$2.50 or such other sum specified by the Board, at the Office or Registration Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after compliance with any notice requirements of the Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed for inspection at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

RECORD DATES

46. (1) For the purpose of determining the Members entitled to notice of or to vote at any general meeting, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may, by any means in accordance with the requirements of any Designated Stock Exchange, the SEC and/or any competent regulatory authority, fix, in advance, a date as the record date for any such determination of Members and may, subject to Article 52, provide that the Register shall be closed for transfers for a stated period which shall not in any case exceed forty (40) days.

(2) If the Board does not fix a record date for any general meeting, the record date for determining the Members entitled to a notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with these Articles notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The record date for determining the Members for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

(3) A determination of the Members of record entitled to notice of or to vote at a meeting of the Members shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.



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TRANSFER OF SHARES

47. (1) Subject to these Articles, the restrictions set out in the Schedules, the rules or regulations of the Designated Stock Exchange, any relevant rules of the SEC or securities laws (including, but not limited to the Exchange Act), any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange, the SEC and/or any competent regulatory authority or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or a central depository house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. If the shares in question were issued in conjunction with rights, options and warrants issued pursuant to these Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such shares without evidence satisfactory to them of the like transfer of such right, option or warrant.

(2) Notwithstanding the provisions of subparagraph (1) above, for so long as any shares are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority that are or shall be applicable to such listed shares. The register of members of the Company in respect of its listed shares (whether the Register or a branch register) may be kept by recording the particulars required by Section 40 of the Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Designated Stock Exchange that are or shall be applicable to such listed shares.

48. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to Article 47, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

49. (1) The Board, in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time, transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.

(2) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the Act.

50. The Board may decline to recognise any instrument of transfer unless:

- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;



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- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.

51. If the Board refuses to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.

52. The registration of transfers of shares or of any class of shares may, after compliance with any notice requirement of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority be suspended at such times and for such periods (not exceeding in the whole forty (40) days in any year) as the Board may determine. The period of forty (40) days may be extended for a further period or periods not exceeding forty (40) days in respect of any year if approved by the Members by ordinary resolution.

TRANSMISSION OF SHARES

53. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

54. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or the Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.

55. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 76(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

56. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article 56, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.



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(2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of, the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

(3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

57. The Company shall, if required by the Statute, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. An annual general meeting of the Company shall be held at such time and place as may be determined by the Board in accordance with the rules of the Designated Stock Exchange, unless such Designated Stock Exchange does not require the holding of an annual general meeting.



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58. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held at such times and in any location in the world as may be determined by the Board. Notwithstanding any provisions in these Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting. Unless otherwise determined by the Directors, the manner of convening and the proceedings at a general meeting set out in these Articles shall, *mutatis mutandis*, apply to a general meeting held wholly by or in-combination with electronic means.

59. A majority of the Board or the Chairman of the Board may call extraordinary general meetings, which extraordinary general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine.

NOTICE OF GENERAL MEETINGS

60. (1) An annual general meeting and any extraordinary general meeting may be called by not more than sixty (60) nor less than ten (10) clear days' Notice but a general meeting may be called by shorter notice, subject to the Act, if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent (95%) in nominal value of the issued shares giving that right.

(2) The notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors.

61. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

62. (1) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of:

- (a) the declaration and sanctioning of dividends;
- (b) consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet; and
- (c) the election of Directors.



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(2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. At any general meeting of the Company, two (2) Members entitled to vote and present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing not less than one-third in nominal value of the total issued voting shares in the Company throughout the meeting shall form a quorum for all purposes.

63. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

64. The Chairman of the Board shall preside as chairman at every general meeting. If at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by its duly authorised representative or by proxy and entitled to vote shall elect one of their number to be chairman.

65. Prior to the holding of a general meeting, the Board may postpone, and at a general meeting, the chairman, may (without consent of the meeting) or shall at the direction of the meeting adjourn the meeting, from time to time and from place to place, but no business shall be transacted at any adjourned or postponed meeting other than the business which might lawfully have been transacted at the meeting had the adjournment or postponement not taken place. When a meeting is adjourned or postponed for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned or postponed meeting shall be given specifying the time and place of the adjourned or postponed meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned or postponed meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment or postponement.

66. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.



VOTING

67. (1) Holders of Ordinary Shares have the right to receive notice of, attend, speak and vote at general meetings of the Company. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands every Member holding Ordinary Share(s) present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one vote and on a poll every Member holding Ordinary Share(s) present in person or by proxy or, in the case of a Member holding Ordinary Share(s) being a corporation, by its duly authorised representative shall have one vote for every fully paid Ordinary Share of which he is the holder but so that no amount paid up or credited as paid up on an Ordinary Share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member holding Ordinary Share(s) which is a clearing house or a central depository house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and representing not less than one tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all shares conferring that right.

(2) A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

68. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

69. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority.

70. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

71. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

72. On a poll votes may be given either personally or by proxy.



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73. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

74. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles, by the Act or the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

75. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

76. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under Article 54 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

77. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

78. If:

- (a) any objection shall be raised to the qualification of any voter; or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.



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PROXIES

79. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and, in the case of a Member who is a holder of Ordinary Share(s), vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.

80. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

81. Unless otherwise determined by the Board, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

82. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

83. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.



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84. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

85. (1) Any corporation which is a Member may by resolution of its directors or other

governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If a clearing house (or its nominee(s)) or a central depository entity (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house or a central depository entity (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house or a central depository entity (or its nominee(s)) including the right to vote individually on a show of hands.

(3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

BOARD OF DIRECTORS

86. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). For so long as the shares are listed on the Designated Stock Exchange, the Directors shall include such number of Independent Directors as applicable law, rules or regulations or the Designated Stock Exchange require, unless the Board resolves to follow any available exceptions or exemptions. The Directors shall be elected or appointed in accordance with Article 86 and 87 and shall hold office until the expiration of his term or until their successors are elected or appointed.

(2) Subject to Article 86(8), the Board shall initially consist of up to seven Directors, who shall be appointed to the Board as follows:

(a) one of which shall be appointed by the Sponsor Member (the "Sponsor Director") by written notice to the Company (without further resolutions of the Board or the Members) provided, that the right of the Sponsor Member to appoint the Sponsor Director shall terminate on the date the Sponsor Member ceases to Beneficially Own at least 25% of the shares held by the Sponsor Member as of the Effective Date. If the Sponsor Member is no longer entitled to appoint the Sponsor Director pursuant to the terms of this Article 86(2)(a), the Sponsor Director shall automatically cease to be a Director, and one Director shall be nominated and elected in accordance with the terms of these Articles;



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- (i) the initial Sponsor Director as of the effective date of these Articles is Joseph Douglas Ragan III;
- (b) four of which shall be appointed by the Betters Member (or its Affiliates) (collectively, the “Betters Directors”) by written notice to the Company (without further resolutions of the Board or the Members), provided, that the number of Betters Directors that the Betters Member shall be entitled to appoint shall increase (only in the event the number of Directors to be appointed to the Board is increased pursuant to Article 86(8)) or decrease, as applicable, in proportion to the number of shares Beneficially Owned by the Betters Member (and its Affiliates) *divided by* the total number of shares issued and outstanding, rounded down to the nearest whole number of Directors;
- (i) the initial Betters Directors as of the effective date of these Articles are:
- (A) WU Haimei, (B) QIU Quan, (C) HOU Wei and (D) XU Lijian; and
- (c) two of which shall initially be Gabrielle Wolfson and XING Mingzhao, and after each such Director’s term of office expires, each such Director shall be nominated and elected in accordance with the terms of these Articles.
- (3) Subject to this Article 86 and the Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Board.
- (4) Subject to this Article 86, the Directors shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board subject to the Company’s compliance with director nomination procedures required under the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority as long as shares are listed on the Designated Stock Exchange, unless the Board resolves to follow any available exceptions or exemptions.
- (5) No Director shall be required to hold any shares of the Company by way of qualification and a Director who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.
- (6) Subject to any provision to the contrary in these Articles, a Director (other than the Sponsor Director and any of the Betters Directors), may be removed by way of an ordinary resolution of the Members at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement). Notwithstanding the foregoing, the Sponsor Director may be removed by the Sponsor Member and the Betters Directors may be removed by the Betters Member (or its Affiliates), in each case, by written notice to the Company.
- (7) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (6) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting provided, that in the case of the removal of the Sponsor Director or any of the Betters Directors, the Sponsor Member and/or the Betters Member (or its Affiliates) (as the case may be) shall solely be entitled to appoint another person as the Sponsor Director or the Betters Director (as the case may be) pursuant to Article 86(2).



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(8) The number of directors to be appointed to the Board shall only be increased or decreased upon the mutual written agreement of the Better Member and the Sponsor Member; provided, that no reduction in the authorised number of Directors shall have the effect of removing any Director before that Director's term of office expires.

DISQUALIFICATION OF DIRECTORS

88. The office of a Director shall be vacated if the Director:

- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
- (2) becomes of unsound mind or dies;
- (3) other than the Sponsor Director or any of the Better Directors, without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated;
- (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (5) is prohibited by law from being a Director; or
- (6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

EXECUTIVE DIRECTORS

89. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article 89 shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

90. Notwithstanding Articles 95, 96, 97 and 98, an executive director appointed to an office under Article 89 shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.



ALTERNATE DIRECTORS

91. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Directors appoint any person (including another Director) to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the body which appointed him and, subject thereto, the office of alternate Director shall continue until the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor ceases for any reason to be a Director. Any appointment or removal of an alternate Director shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

92. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.

93. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from the People's Republic of China or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

94. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director, provided always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Articles which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

95. The Directors shall receive such remuneration as the Board may from time to time determine. Each Director shall be entitled to be repaid or prepaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the board or general meetings or separate meetings of any class of shares or of debenture of the Company or otherwise in connection with the discharge of his duties as a Director.



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96. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

97. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

98. The Board shall determine any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

99. A Director may:

- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;
- (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
- (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.



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Notwithstanding the foregoing, no Independent Director shall without the consent of the Audit Committee take any of the foregoing actions or any other action that would reasonably be likely to affect such Director's status as an Independent Director.

100. Subject to the Act and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 101. Any such transaction that would reasonably be likely to affect a Director's status as an Independent Director, or that would constitute a "related party transaction" as defined by the rules and regulations of the Designated Stock Exchange, the SEC and/or any competent regulatory authority or under applicable laws, shall require the approval of the Audit Committee.

101. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:

- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

102. Following a declaration being made pursuant to the last preceding two Articles, subject to any separate requirement for Audit Committee approval under applicable law or the rules and regulations of the Designated Stock Exchange, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.



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GENERAL POWERS OF THE DIRECTORS

103. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any one Director on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

(3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:

- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed;
- (b) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration; and
- (c) to resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the Act.

104. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

105. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Company's Seal.



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106. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

107. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

108. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.

(2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement, and may be subject or not subject to any terms or conditions as the Board may determine.

BORROWING POWERS

109. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

110. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

111. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

112. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.



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(2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Act in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

113. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

114. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the president or chairman, as the case may be, or any Director.

115. (1) The quorum necessary for the transaction of the business of the Board shall be a majority of the Directors in office from time to time; provided, that for so long as the Sponsor Member and the Betters Member are entitled to appoint any Sponsor Director or Betters Director pursuant to Article 86(2) (a) and 86(2)(b), respectively, a quorum shall include the Sponsor Director and at least one Betters Director. An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.

(2) Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

(3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

116. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles as the quorum, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.

117. The Chairman of the Board shall be the chairman of all meetings of the Board. If the Chairman of the Board is not present at any meeting within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

118. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.



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119. (1) The Board may delegate any of its powers, authorities and discretions to committees (including, without limitation, the Audit Committee, the Compensation Committee and the Nominating Committee), consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

(2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board (or if the Board delegates such power, the committee) shall have power to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company; and

(3) The Board may adopt formal written charters for committees. Each of these committees shall be empowered to do all things necessary to exercise the rights of such committee set forth in these Articles and its charter and shall have such powers as the Board may delegate pursuant to these Articles and as required by the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority or otherwise under applicable law. Each of the Audit Committee, the Compensation Committee and the Nominating Committee, if established, shall consist of such number of Directors as the Board shall from time to time determine (or such minimum number as may be required from time to time by the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority or otherwise under applicable law). For so long as any shares are listed on the Designated Stock Exchange, the Audit Committee, the Compensation Committee and the Nominating Committee shall be made up of such number of Independent Directors as is required from time to time by the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority or otherwise under applicable law.

120. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article, indicating, without limitation, any committee charter adopted by the Board for purposes or in respect of any such committee.

121. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors and for this purpose a facsimile signature of a Director shall be treated as valid.

122. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.



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AUDIT COMMITTEE

123. Without prejudice to the freedom of the Directors to establish any other committees, for so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the rules and regulations of the Designated Stock Exchange and the rules and regulations of the SEC.

124. The Board shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis.

125. For so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee for the review and approval of potential conflicts of interest in accordance with the audit committee charter.

OFFICERS

126. (1) The officers of the Company shall consist of the Chairman of the Board, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Articles. In addition to the officers of the Company, the Board may also from time to time determine and appoint managers and delegate to the same such powers and duties as are prescribed by the Board.

(2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one Director is proposed for this office, the election to such office shall take place in such manner as the Directors may determine.

(3) The officers shall receive such remuneration as the Directors may from time to time determine.

127. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.

(2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Act or these Articles or as may be prescribed by the Board.

128. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.

129. A provision of the Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.



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REGISTER OF DIRECTORS AND OFFICERS

130. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Act or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the Act.

MINUTES

131. (1) The Board shall cause minutes to be duly entered in books provided for the purpose:
- (a) of all elections and appointments of officers;
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
 - (c) of all resolutions and proceedings of each general meeting of the Members, meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.
- (2) Minutes shall be kept by the Secretary at the Office.

SEAL

132. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Article 132 shall be deemed to be sealed and executed with the authority of the Board previously given.

(2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.



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AUTHENTICATION OF DOCUMENTS

133. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other Officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

134. (1) The Company shall be entitled to destroy the following documents at the following times:

- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
- (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
- (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Article 134 shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Article 134 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Article 134 to the destruction of any document include references to its disposal in any manner.

(2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Article 134 and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.



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DIVIDENDS AND OTHER PAYMENTS

135. Subject to the Act, the Board may from time to time declare dividends in any currency to be paid to the Members. Notwithstanding anything herein to the contrary, the Board shall also declare dividends in accordance with the terms and subject to the conditions set forth in the Schedules.

136. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. The Board may also declare and pay dividends out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Act.

137. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

138. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

139. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

140. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

141. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.



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142. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

143. Whenever the Board has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

144. (1) Whenever the Board has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and



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- (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (“the non-elected shares”) and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or
- (b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days’ Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised (“the elected shares”) and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.
- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Article 144 shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Article 144 in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.



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(b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article 144, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(3) The Board may determine and resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article 144 a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Article 144 shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a dividend on shares of any class by the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall *mutatis mutandis* apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

145. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the Act. The Company shall at all times comply with the provisions of the Act in relation to the share premium account.



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(2) Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

146. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the basis that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article 146, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

147. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

148. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Act:

(1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:

(a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Article 148) maintain in accordance with the provisions of this Article 148 a reserve (the "Subscription Rights Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;



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- (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;
- (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:
- (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
 - (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant holders; and
- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrant holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant holder upon the issue of such certificate.



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(2) Except as set forth in these Articles, shares allotted pursuant to the provisions of this Article shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Article, no fraction of any share shall be allotted on exercise of the subscription rights.

(3) The provision of this Article as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrant holder or class of warrant holders under this Article without the sanction of a special resolution of such warrant holders or class of warrant holders.

(4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

ACCOUNTING RECORDS

149. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

150. The accounting records shall be kept at the Office or, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

151. Subject to Article 152, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least ten (10) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with Article 57 provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or more than one of the joint holders of any shares or debentures.

152. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules and regulations of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 151 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.



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153. The requirement to send to a person referred to in Article 151 the documents referred to in that article or a summary financial report in accordance with Article 152 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules and regulations of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 151 and, if applicable, a summary financial report complying with Article 152, by placing it on the Company's website or in any other manner (including by sending any form of electronic communication) permitted by Article 161.

AUDIT

154. Subject to applicable law and rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority the Board shall appoint an Auditor to audit the accounts of the Company and such auditor shall hold office until removed from office by a resolution of the Directors. Such auditor may be a Member but no Director or Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor.

155. Subject to the Act the accounts of the Company shall be audited at least once in every year.

156. The remuneration of the Auditor shall be determined by the Audit Committee or, in the absence of such Audit Committee, by the Board.

157. The Board may remove the Auditor at any time before the expiration of his term of office and may by resolution appoint another Auditor in his stead.

158. If the office of Auditor becomes vacant by resignation or death of the Auditor, or by their becoming incapable of acting by reason of illness or other disability at a time when their services are required, the Board shall fill the vacancy and determine the remuneration of such Auditor.

159. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.

160. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Audit Committee. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.



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NOTICES

161. Any Notice or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or electronic communication and any such Notice and document may be served or delivered by the Company on or to any Member either (i) personally or (ii) by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or (iii) by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or electronic address or website supplied by him to the Company for the giving of Notice or documents to him or which the person transmitting the notice or document reasonably and bona fide believes at the relevant time will result in the Notice or document being duly received by the Member or (iv) may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority or (v) to the extent permitted by all applicable Statutes, rules and regulations, including, without limitation, the rules and regulations of the Designated Stock Exchange, the SEC and/or any other competent regulatory authority by placing it on the Company's website. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

162. Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other Officer of the Company or other person appointed by the Board that the envelope or wrapper containing the Notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website is deemed given by the Company to a Member on the day it is placed;
- (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other Officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission or publication shall be conclusive evidence thereof; and
- (d) may be given to a Member in the English language or such other language as may be approved by the Directors, subject to due compliance with all applicable Statutes, rules and regulations.



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163. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

(2) A Notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

(3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every Notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

(4) Every Member or a person who is entitled to receive notice from the Company under the provisions of the Statutes or these Articles may register with the Company an electronic address to which notices can be served upon him.

SIGNATURES

164. For the purposes of these Articles, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director in the terms in which it is received. The signature to any notice or document to be given by the Company may be written, printed or made electronically.

WINDING UP

165. (1) Subject to Article 165(2), the Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

(2) Unless otherwise provided by the Act, a resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

166. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, a nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.



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(2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

167. (1) Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), the Secretary, or other Officer for the time being and from time to time of the Company (but not including the Auditor) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

(2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; provided, that such waiver shall not extend to any matter in respect of any fraud, willful default or dishonesty which may attach to such Director.

168. No Indemnified Person shall be liable:

- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or Officer or agent of the Company;
- (b) for any loss on account of defect of title to any property of the Company;
- (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested;
- (d) for any loss incurred through any bank, broker or other similar Person;
- (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or



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- (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, wilful default or fraud as determined by a court of competent jurisdiction.

169. The Company shall not be obligated to indemnify any Indemnified Person in connection with any action or proceeding (or any part thereof):

- (a) for which payment has actually been made to and received by or on behalf of such Indemnified Person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;
- (b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Exchange Act, or similar provisions of national, federal, state or local statutory law or common law, if such Indemnified Person is held liable therefor (including pursuant to any settlement arrangements);
- (c) for any reimbursement of the Company by such Indemnified Person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such Indemnified Person from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the payment to the Company of profits arising from the purchase and sale by such Indemnified Person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such Indemnified Person is held liable therefor (including pursuant to any settlement arrangements), or any other remuneration paid to such Indemnified Person if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law;
- (d) initiated by such Indemnified Person, including any action or proceeding (or any part thereof) initiated;
- (e) by such Indemnified Person against the Company, any legal entity which it controls, any director or officer thereof or any third party, unless (i) the Board has consented to the initiation of such action or proceeding or part thereof, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law (provided, however, that this Article 169(e) shall not apply to counterclaims or affirmative defences asserted by such Indemnified Person in an action brought against such Indemnified Person), (iii) otherwise required to be made under Article 171 or (iv) otherwise required by applicable law; or
- (f) if prohibited by applicable law; provided, however, that if any provision or provisions of this Indemnity (as defined in Article 176) shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Indemnity (including, without limitation, each portion of any paragraph or clause containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Indemnity (including, without limitation, each such portion of any paragraph or clause containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.



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170. The Company, to the fullest extent permitted by law, may indemnify and advance expenses to any Indemnified Person made or threatened to be made a party to any action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he or she is or was a Director, Officer, employee or agent of the Company or any predecessor of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

171. If a claim for indemnification (following the final disposition of the applicable action or proceeding) under this Indemnity is not paid in full within 60 days, or a claim for advancement of expenses under this Indemnity is not paid in full within 30 days after a written claim therefor has been received by the Company, the claimant may thereafter (but not before) file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. To the fullest extent permitted by law, in any such action the Company shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

172. The rights conferred on any Indemnified Person by this Indemnity shall not be exclusive of any other rights which such Indemnified Person may have or hereafter acquire under any statute, provision of these Articles, agreement, vote of shareholders or disinterested Directors or otherwise.

173. The Company may purchase and maintain insurance on behalf of any Indemnified Person against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of the Act.

174. The Company's obligation, if any, to indemnify or advance expenses to any Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

175. Subject to the terms of any provision of these Articles or agreement between the Company and any Director, Officer, employee or agent respecting indemnification and advancement of expenses, the rights to indemnification and to prepayment of expenses provided by, or granted pursuant to, this Indemnity shall continue notwithstanding that the Indemnified Person has ceased to be a Director, Officer, employee or agent of the Company and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such Indemnified Person.

176. To the fullest extent permitted by law, neither any amendment nor repeal of Article 167, Article 168, Article 169, Article 170, Article 171, Article 172, Article 173, Article 174, Article 175, or this Article 176 (collectively, the "Indemnity"), nor the adoption by amendment of these Articles of any provision inconsistent with the Indemnity, shall eliminate or reduce the effect of the Indemnity in respect of any matter occurring, or any action or proceeding accruing or arising (or that, but for the Indemnity, would accrue or arise) prior to such amendment or repeal or adoption of an inconsistent provision.



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FINANCIAL YEAR

177. Unless otherwise determined by the Directors, the financial year of the Company shall end on the 31st day of December in each year.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

178. No Article shall be rescinded, altered or amended and no new Article shall be made until the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the Memorandum of Association or to change the name of the Company.

INFORMATION

179. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

MERGERS AND CONSOLIDATION

180. The Company may merge or consolidate in accordance with the Act.

181. To the extent required by the Act, the Company may by special resolution resolve to merge or consolidate the Company.

EXCLUSIVE FORUM

182. To the fullest extent permitted by law, unless the Company consents in writing to the selection of an alternative forum, the courts of the Cayman Islands (the "Specified Courts") shall have exclusive jurisdiction over any claim or dispute arising out of or in connection with the Memorandum of Association, the Articles or otherwise related in any way to each Member's shareholding in the Company, including but not limited to: (a) any derivative action or proceeding brought on behalf of the Company, (b) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former Director, Officer or other employee or agent of the Company to the Company or to the Company's Members, (c) any action, suit or proceeding asserting a claim against the Company, its current or former Directors, Officers, or employees, agents or Members arising pursuant to any provision of the Act or these Articles, or (d) any action, suit or proceeding asserting a claim against the Company, its current or former Directors, Officers, or employees, agents or Members governed by the internal affairs doctrine. If any action the subject matter of which is within the scope of this Article 182 is filed in a court other than the Specified Courts (a "Foreign Action") by any Member (including any Beneficial Owner), to the fullest extent permitted by law, such Member shall be deemed to have consented to: (xi) the personal jurisdiction of the Specified Courts in connection with any action brought in any such court to enforce this Article 182; and (ii) having service of process made upon such Member in any such action by service upon such Member's counsel in the Foreign Action as agent for such Member.

183. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law and/or these Articles, be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.



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184. To the fullest extent permitted by law, any Person purchasing or otherwise acquiring any interest in any security of the Company shall be deemed to have notice of and consented to the provisions of Article 182 and 183.

GENERAL

185. If any provision or provisions of these Articles shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of these Articles (including, without limitation, each portion of any section or paragraph of these Articles containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not, to the fullest extent permitted by the Act or these Articles, in any way be affected or impaired thereby.

CERTAIN TAX FILINGS

186. Each Tax Filing Authorised Person and any such other Person, acting alone, as any Director shall designate from time to time, are authorised to file tax forms SS-4, W-8 BEN, W-8 IMY, W-9, 8832 and 2553 and such other similar tax forms as are customary to file with any U.S. state or federal governmental authorities or foreign governmental authorities in connection with the formation, activities and/or elections of the Company and such other tax forms as may be approved from time to time by any Director or Officer. The Company further ratifies and approves any such filing made by any Tax Filing Authorised Person or such other Person prior to the effective date of these Articles.

INCONSISTENCY

187. The Schedules shall form part of these Articles and in the event of any inconsistency between the main content of the Articles and the Schedules, the provisions in the Schedules shall prevail to the maximum extent permissible under applicable laws.



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SCHEDULE 1

RIGHTS ATTACHING TO SERIES A PREFERRED SHARES

1. Dividends

- 1.1 Series A Preferred Shares. Dividends shall accrue at the rate of seven percent (7%) per annum on the Series A Original Issue Price on each share of Series A Preferred Shares, payable in cash annually within thirty (30) days from the issuance of the Company's annual audit report, provided that, such dividends shall be payable by the Company only if the Company's reported EBITDA for such year is higher than the dividends so calculated. If the Company's reported EBITDA for such year is less than the dividends so calculated and no dividends are paid as a result, such unpaid dividends shall be considered to be rolled into the balance of unpaid dividends to be paid in the following year.

In this paragraph:

"Series A Original Issue Price" shall mean \$10.00 per share.

"EBITDA" shall mean earnings before interest, taxes, depreciation and amortisation, excluding any extraordinary non-recurring income items and expense items.

2. Optional Conversion

The holders of the Series A Preferred Shares shall have conversion rights as follows (the "Conversion Rights"):

2.1. Right to Convert

- 2.1.1 Conversion Ratio. On or before the two (2) year anniversary of the Closing Date (the "Conversion Outside Date"), each Series A Preferred Share shall be convertible, at the option of the holder of such Series A Preferred Share, at any time after the date of issuance of such Series A Preferred Share, into such number of fully-paid Ordinary Shares as is determined by dividing (a) the sum of (i) the Series A Original Issue Price and (ii) the amount of all accrued but unpaid dividends thereon, by (b) the Series A Original Issue Price, as appropriately adjusted in the event of any dividend, share split, combination or other similar recapitalisation with respect to the Series A Preferred Shares (the "Conversion Price"). For the avoidance of doubt, a holder of Series A Preferred Shares may elect to convert all or any portion of the Series A Preferred Shares that he/she/it holds into Ordinary Shares in accordance with the above terms.

In this paragraph:

"Closing Date" shall have the meaning as prescribed in the subscription agreement(s) dated 1 October 2024 made by the Company as issuer and certain holder(s) of Series A Preferred Shares.



- 2.1.2 Conversion Notice. Before any holder of SeriesA Preferred Shares shall be entitled to convert such SeriesA Preferred Shares into Ordinary Shares, he/she/it shall give written notice to the Company at its registered office, indicating his/her/its intention to convert such SeriesA Preferred Shares into Ordinary Shares and shall state therein the name(s) in which the Ordinary Shares is/are to be issued (the “**Conversion Notice**”). The Company shall, as soon as practicable thereafter, issue to such holder (or other name(s) as such holder may state in the Conversion Notice) of SeriesA Preferred Shares the number of Ordinary Shares to which such holder of SeriesA Preferred Shares shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately before the close of business on the date of the Conversion Notice, and the person or persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder(s) of such Ordinary Shares as of such date.
- 2.1.3 Fractional Shares. No fractional shares shall be issued upon the conversion of any SeriesA Preferred Shares, and the number of Ordinary Shares to be issued shall be rounded down to the nearest whole share. If the conversion would result in any fractional share, the Company shall, in lieu of issuing any such fractional share, pay the holder thereof an amount in cash equal to the fair market value of such fractional share on the date of conversion, as determined by reference to the closing trading price of the Ordinary Shares on the Designated Stock Exchange on the date of such conversion.
- 2.1.4 Ordinary Shares to be Converted. The Ordinary Shares into which such holder of SeriesA Preferred Shares is entitled in exercising its right to convert its SeriesA Preferred Shares:
- (a) shall be credited as fully paid;
 - (b) shall rank pari passu in all respects and form one class with the Ordinary Shares then in issue; and
 - (c) entitle such holder to be paid an appropriate proportion of all dividends and other distributions declared, made or paid on Ordinary Shares in respect of the financial year in which the relevant conversion date falls, but not in respect of an earlier financial year.
- 2.1.5 Reservation of Shares. The Company shall at all times reserve and keep available out of its authorised but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the SeriesA Preferred Shares, such number of Ordinary Shares as shall from time to time be sufficient to effect the conversion of all issued and outstanding SeriesA Preferred Shares; and if at any time the number of authorised but unissued Ordinary Shares shall not be sufficient to effect the conversion of all the SeriesA Preferred Shares then issued and outstanding, in addition to such other remedies as shall be available to the holders of such SeriesA Preferred Shares, the Company shall take such necessary corporate action to increase its authorised but unissued Ordinary Shares to such number as shall be sufficient for such purposes, including, without limitation, using its best efforts to obtain the requisite approval by the Members of any necessary amendment to the Memorandum of Association and/or these Articles to effect the conversion.



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3. **Voting**

3.1 **General**. On any matter presented to the Members for their action or consideration at any meeting of Members (or by written resolution of Members in lieu of meeting), each holder of outstanding SeriesA Preferred Shares shall not be entitled to cast any votes in respect of his/her/its SeriesA Preferred Shares.

4. **Redemption**

4.1 If a holder of SeriesA Preferred Shares elects not to or fails to elect to convert the SeriesA Preferred Shares that he/she/it holds to Ordinary Shares prior to or upon the Conversion Outside Date in accordance with Clause 2 above, the Company shall either (a) redeem such holder's outstanding SeriesA Preferred Shares for cash at a price equal to the sum of (i) the amount of all accrued but unpaid dividends on such SeriesA Preferred Shares and (ii) one hundred and ten per cent (110%) of the aggregate subscription price paid by such holder for such SeriesA Preferred Shares (the "**Redemption Consideration**"), or (b) issue to such holder such number of Ordinary Shares as calculated by dividing the Redemption Consideration by the lower of: (i) the Conversion Price, and (ii) the volume-weighted average price of the Company during the twenty (20) trading day period prior to (and including) the Conversion Outside Date.

4.2 The Company may elect to repurchase for cash all or, from time to time, a portion of the SeriesA Preferred Shares at any time after the Closing Date, at a price per SeriesA Preferred Share equal to the sum of (a) the amount of all accrued but unpaid dividends on such SeriesA Preferred Share and (b) one hundred and ten per cent (110%) of the subscription price paid for such SeriesA Preferred Share by the holder thereof, provided that the Company has sufficient funds for such redemption, and provided further that any partial repurchase of the SeriesA Preferred Shares shall be effected pro rata among all holders of SeriesA Preferred Shares.



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SCHEDULE 2

PRE-EMPTION RIGHT OF MEMBERS ON NEW SHARES

1. The Company shall give each holder of Series A Preferred Shares twenty (20) calendar days' prior written notice (the "**New Issue Notice**") of the proposed issuance (the "**Proposed Issuance**") of (i) any new Shares; or (ii) other Securities of the Company, other than any Securities issued under the 2024 Equity Incentive Plan of the Company (the securities described in items (i) and (ii) in this paragraph shall together be referred to as "**Offered Securities**"). The written notice shall (i) specify the number of Offered Securities the Company proposes to issue, (ii) identify the proposed offeree (the "**Proposed Offeree**"), and (iii) specify the proposed issuance price (the "**Proposed Issuance Price**"). By written notice to the Company ("**Subscription Notice**") given within twenty (20) calendar days from the date of the notice of such Proposed Issuance, each holder of Series A Preferred Shares (each a "**Participation Rights Holder**", and collectively, the "**Participation Rights Holders**"), shall be entitled, at its sole discretion, to subscribe for all or part of its Pre-emptive Share of such Offered Securities at the Proposed Issuance Price pursuant to the terms of this Schedule 2. The failure of a Participation Rights Holder to deliver a Subscription Notice within the said 20-day notice period shall constitute a waiver of its right to participate in the Proposed Issuance of such Offered Securities. Each Participation Rights Holder may also indicate in its Subscription Notice, if it so elects, its desire to participate in the Proposed Issuance of such Offered Securities in excess of its Pre-emptive Share (a "**Fully-Exercising Participation Rights Holder**"). If one or more Participation Rights Holders decline to subscribe for their Pre-emptive Share of the Offered Securities, then the unaccepted participation of such Participation Rights Holders ("**Excess Offered Securities**") shall automatically be accepted by the Fully-Exercising Participation Rights Holder(s) in such amount as is indicated in such Fully-Exercising Participation Rights Holder's Subscription Notice. If such Excess Offered Securities are not sufficient to satisfy the demand of the Fully-Exercising Participation Rights Holder(s), then all such remaining Excess Offered Securities shall be allocated among such Fully-Exercising Participation Rights Holder(s) according to the proportion that each such Fully-Exercising Participation Rights Holder(s)' Pre-emptive Share bears to the sum of the Pre-emptive Shares of all such Fully-Exercising Participation Rights Holder(s).

In this paragraph:

"**Person**" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

"**Pre-emptive Share**" of a Participation Rights Holder means the ratio of (i) the aggregate number of Shares (calculated on an as-converted basis) held by such Participation Rights Holder to (ii) the total number of Shares (calculated on an as-converted basis) outstanding as of immediately prior to any Proposed Issuance as contemplated in this Schedule 2.

"**Security**" or "**Securities**" means with respect to a Person, any shares, share capital, registered capital, ownership interest, membership interest, partnership interest, units, profit interest, equity interest, or other securities of such person, and any right, warrant, option, call, commitment, conversion privilege, pre-emptive right or other right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plans or similar rights with respect to such person, or any contract of any kind for the purchase or acquisition from such person or any of the foregoing, either directly or indirectly.



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2. The closing of any subscription by Participation Rights Holder(s) for Offered Securities under paragraph 1 above shall be held at such location and time as determined by the Board on the fortieth (40th) day after the date on which the Company gave the notice of the Proposed Issuance under paragraph 1 above, or at such other time and place as the Company and those Participation Rights Holder(s) purchasing any Offered Securities may agree. At such closing, each Participation Rights Holder participating in such subscription shall deliver, by wire transfer, the subscription price for its subscribed Offered Securities as is payable in cash, and all parties to the transaction shall execute such documents as are otherwise customary and appropriate.
3. In the event that the Participation Rights Holder(s) do not subscribe for all of the Offered Securities pursuant to this Schedule 2, the Offered Securities not so subscribed may be offered by the Company to the Proposed Offeree at any time within ninety (90) calendar days after the date of the New Issue Notice, at not less than the Proposed Issuance Price and upon other terms and conditions, if any, not more favourable than those specified in the Subscription Notice. In the event that the Company has not issued and sold any such Offered Securities within such ninety (90) calendar days period, then the Company shall not thereafter issue or sell any such Offered Securities without again offering such Offered Securities to the holders of Series A Preferred Shares pursuant to this Schedule 2.



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Form of Certificate for Ordinary Shares

Baird Medical Investment Holdings Limited – Ordinary Shares

(Incorporated under the laws of the Cayman Islands)

Certificate No.

[]

Ordinary Shares

[]

US\$50,000 Share Capital divided into

500,000,000 Ordinary Shares of US \$0.0001 each

THIS IS TO CERTIFY THAT **[Name of Holder]**

is the registered holder of

Ordinary Shares in the above-named Company subject to the Amended and Restated Memorandum and Articles of Association thereof.

EXECUTED for and on behalf of the Company on

by: DIRECTOR

SPECIMEN WARRANT CERTIFICATE

NUMBER W-[]

SEE REVERSE FOR CERTAIN DEFINITIONS

WARRANTS

**THIS WARRANT SHALL BE NULL AND VOID IF NOT EXERCISED PRIOR TO THE EXPIRATION
OF THE EXERCISE PERIOD PROVIDED FOR
IN THE WARRANT AGREEMENT DESCRIBED BELOW
BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED**
Incorporated Under the Laws of the Cayman Islands

THIS WARRANT CERTIFICATE CERTIFIES THAT [], or registered assigns, is the registered holder of warrant(s) evidenced hereby (the "**Warrants**" and, each, a "**Warrant**") to purchase shares of Class A common stock, \$0.0001 par value per share ("**Common Stock**"), of Baird Medical Investment Holdings Limited, a Cayman Islands exempted company (the "**Company**"). Each whole Warrant entitles the holder, upon exercise during the period set forth in the Warrant Agreement referred to below, to receive from the Company that number of fully paid and non-assessable shares of Common Stock as set forth below, at the exercise price (the "**Warrant Price**") as determined pursuant to the Warrant Agreement, payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Warrant Price (or through "**cashless exercise**" as provided for in the Warrant Agreement) at the office or agency of the Warrant Agent referred to below, subject to the conditions set forth herein and in the Warrant Agreement. Defined terms used in this Warrant Certificate but not defined herein shall have the meanings given to them in the Warrant Agreement.

Each whole Warrant is initially exercisable for one fully paid and non-assessable share of Common Stock. No fractional shares will be issued upon exercise of any Warrant. If, upon the exercise of Warrants, a holder would be entitled to receive a fractional interest in a share of Common Stock, the Company will, upon exercise, round down to the nearest whole number of the number of shares of Common Stock to be issued to the holder of the Warrant. The number of shares of Common Stock issuable upon exercise of the Warrants is subject to adjustment upon the occurrence of certain events as set forth in the Warrant Agreement.

The initial Warrant Price per share of Common Stock for any Warrant is equal to \$11.50 per share. The Warrant Price is subject to adjustment upon the occurrence of certain events as set forth in the Warrant Agreement.

Subject to the conditions set forth in the Warrant Agreement, the Warrants may be exercised only during the Exercise Period and to the extent not exercised by the end of such Exercise Period, such Warrants shall become null and void. The Warrants may be redeemed, subject to certain conditions, as set forth in the Warrant Agreement.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent, as such term is used in the Warrant Agreement.

This Warrant Certificate shall be governed by and construed in accordance with the internal laws of the State of New York.

[Signature Page Follows]

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

By: _____
Name:
Title:

EQUINITI TRUST COMPANY, LLC, as Warrant Agent

By: _____
Name:
Title:

[REVERSE OF WARRANT CERTIFICATE]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants entitling the holder on exercise to receive shares of Common Stock and are issued or to be issued pursuant to the Warrant Assignment, Assumption and Amendment Agreement, dated as of October 1, 2024 (as amended, supplemented or otherwise modified from time to time, the “*Warrant Agreement*”), by and among ExcelFin Acquisition Corp., a Delaware corporation (“*SPAC*”), the Company and Equiniti Trust Company, LLC (as successor-in-interest to American Stock Transfer & Trust Company, LLC), a limited liability trust company organized and existing under the laws of the State of New York, as warrant agent (the “*Warrant Agent*”), which Warrant Agreement amends the Public Warrant Agreement, dated October 20, 2021, by and between SPAC and the Warrant Agent, and which is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the holders (the words “*holders*” or “*holder*” meaning the Registered Holders or Registered Holder, respectively) of the Warrants. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company. Defined terms used in this Warrant Certificate but not defined herein shall have the meanings given to them in the Warrant Agreement.

Warrants may be exercised at any time during the Exercise Period set forth in the Warrant Agreement. The holder of Warrants evidenced by this Warrant Certificate may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Warrant Price as specified in the Warrant Agreement (or through “*cashless exercise*” as provided for in the Warrant Agreement) at the designated office of the Warrant Agent. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his, her or its assignee, a new Warrant Certificate evidencing the number of Warrants not exercised.

Notwithstanding anything else in this Warrant Certificate or the Warrant Agreement, no Warrant may be exercised unless at the time of exercise (a) (i) a registration statement covering the issuance of the shares of Common Stock to be issued upon exercise is effective under the Securities Act and (ii) a prospectus thereunder relating to the shares of Common Stock is current or (b) the shares of Common Stock to be issued upon exercise may be issued pursuant to an exemption from registration under the Securities Act, including through “*cashless exercise*” as provided for in the Warrant Agreement.

The Warrant Agreement provides that, upon the occurrence of certain events the number of shares of Common Stock issuable upon exercise of the Warrants and the Warrant Price set forth on the face hereof may, subject to certain conditions, be adjusted. If, upon exercise of a Warrant, the holder thereof would be entitled to receive a fractional interest in a share of Common Stock, the Company shall, upon exercise, round down to the nearest whole number of shares of Common Stock to be issued to the holder of the Warrant.

Warrant Certificates, when surrendered at the designated office of the Warrant Agent by the Registered Holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Warrant Agent a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other third party charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the Registered Holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of the Company.

ELECTION TO PURCHASE

(To Be Executed Upon Exercise of Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to receive [] shares of Common Stock and herewith tenders payment for such shares of Common Stock to the order of Baird Medical Investment Holdings Limited (the “**Company**”) in the amount of \$[] in accordance with the terms hereof. The undersigned requests that a certificate for such shares of Common Stock be registered in the name of [], whose address is [] and that such shares of Common Stock be delivered to [] whose address is []. If said number of shares of Common Stock is less than all of the shares of Common Stock purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the remaining balance of such shares of Common Stock be registered in the name of [], whose address is [] and that such shares of Common Stock be delivered to [] whose address is [].

In the event that the Warrant is to be exercised on a “**cashless**” basis pursuant to subsection 3.3.1(b) of the Warrant Agreement, the number of shares of Common Stock that this Warrant is exercisable for shall be determined in accordance with subsection 3.3.1(b) of the Warrant Agreement.

In the event that the Warrant is to be exercised on a “**cashless**” basis pursuant to Section 7.4 of the Warrant Agreement, the number of shares of Common Stock that this Warrant is exercisable for shall be determined in accordance with Section 7.4 of the Warrant Agreement.

In the event that the Warrant may be exercised, to the extent allowed by the Warrant Agreement, through cashless exercise (i) the number of shares of Common Stock that this Warrant is exercisable for would be determined in accordance with the relevant section of the Warrant Agreement which allows for such cashless exercise and (ii) the holder hereof shall complete the following: The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, through the cashless exercise provisions of the Warrant Agreement, to receive shares of Common Stock. If said number of shares of Common Stock is less than all of the shares of Common Stock purchasable hereunder (after giving effect to the cashless exercise), the undersigned requests that a new Warrant Certificate representing the remaining balance of such shares of Common Stock be registered in the name of [], whose address is [] and that such shares of Common Stock be delivered to [] whose address is [].

[Signature Page Follows]

Date: , 202[]

(Signature)

(Address)

(Tax Identification Number)

Signature(s) Guaranteed:

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO RULE 17Ad-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (OR ANY SUCCESSOR RULE).

WARRANT ASSIGNMENT, ASSUMPTION AND AMENDMENT AGREEMENT

THIS WARRANT ASSIGNMENT, ASSUMPTION AND AMENDMENT AGREEMENT (this "Agreement"), dated October 1, 2024, is made by and among ExcelFin Acquisition Corp., a Delaware corporation ("SPAC"), Baird Medical Investment Holdings Limited, a Cayman Islands exempted company ("PubCo"), and Equiniti Trust Company, LLC (as successor-in-interest to American Stock Transfer & Trust Company, LLC), a limited liability trust company organized and existing under the laws of the State of New York, as warrant agent (in such capacity, the "Warrant Agent") and amends the Public Warrant Agreement, dated October 20, 2021, by and between SPAC and the Warrant Agent (the "Existing Warrant Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Existing Warrant Agreement.

WHEREAS, pursuant to the Existing Warrant Agreement, SPAC issued 23,000,000 Units, each consisting of one share of Class A Common Stock of SPAC, par value \$0.0001 per share ("SPAC Class A Common Stock") and one-half of one whole public warrant (the "Warrants");

WHEREAS, SPAC, Better Medical Investment Holdings Limited, a Cayman Islands exempted company ("Betters"), PubCo, Better Medical Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of PubCo ("Merger Sub 1"), Better Medical Merger Sub 2, Inc., a Delaware corporation, Better Medical NewCo, LLC, a Delaware limited liability company, and Tycoon Choice Global Limited, a business company limited by shares incorporated under the Laws of the British Virgin Islands and a direct, wholly owned subsidiary of Better (the "Company"), are parties to that certain business combination agreement, dated as of June 26, 2023, as amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024 (the "Business Combination Agreement");

WHEREAS, SPAC and the Warrant Agent entered into that certain Private Warrant Agreement, dated as of October 21, 2021 (the "Private Warrant Agreement");

WHEREAS, pursuant to the Business Combination Agreement and that certain Sponsor Support Agreement, dated as of June 26, 2023, by and among Sponsor, SPAC and PubCo (the "Sponsor Support Agreement"), Sponsor, as the record holder of all of the Private Placement Warrants (as defined in the Private Warrant Agreement), shall cancel for no consideration all of the Private Placement Warrants, subject to and in accordance with the terms set forth in the Sponsor Support Agreement;

WHEREAS, SPAC and the Warrant Agent wish to terminate the Private Warrant Agreement, with such termination effective as of the date hereof;

WHEREAS, all of the Warrants are governed by the Existing Warrant Agreement;

WHEREAS, pursuant to the Business Combination Agreement, Merger Sub 1 will merge with and into SPAC, the separate existence of Merger Sub 1 will cease and SPAC will continue as the surviving corporation of the First Merger as a direct, wholly owned subsidiary of PubCo (as defined in the Business Combination Agreement, the "First Merger"), and as a result of the First Merger, the holders of shares of SPAC Stock (as defined in the Business Combination Agreement) shall become holders of ordinary shares of PubCo (the "PubCo Ordinary Shares");

WHEREAS, upon the consummation of the First Merger, as provided in Section 4.5 of the Existing Warrant Agreement, the Warrants will no longer be exercisable for shares of SPAC Class A Common Stock but instead will be exercisable (subject to the terms of the Existing Warrant Agreement, as amended hereby) for PubCo Ordinary Shares;

WHEREAS, the SPAC Board (as defined in the Business Combination Agreement) has determined that the consummation of the transactions contemplated by the Business Combination Agreement will constitute a Business Combination;

WHEREAS, in connection with the First Merger, SPAC desires to assign all of its right, title and interest in the Existing Warrant Agreement to PubCo and PubCo wishes to accept such assignments; and

WHEREAS, Section 9.9 of the Existing Warrant Agreement provides that SPAC and the Warrant Agent may amend such Existing Warrant Agreement without the consent of any Registered Holders as the parties thereto may deem necessary or desirable provided such amendment does not adversely affect the rights of the Registered Holders in any material respect under such Existing Warrant Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Assignment and Assumption; Consent

1.1 Assignment and Assumption. As of and with effect on and from the Closing (as defined in the Business Combination Agreement, the “Closing”): SPAC hereby assigns to PubCo all of SPAC’s right, title and interest in and to the Existing Warrant Agreement (as amended hereby); PubCo hereby assumes, and agrees to pay, perform, satisfy and discharge in full, as the same become due, all of SPAC’s liabilities and obligations under the Existing Warrant Agreement (as amended hereby) arising on, from and after the Closing.

1.2 Consent. The Warrant Agent hereby consents to (i) the assignment of the Existing Warrant Agreement by SPAC to PubCo pursuant to Section 1.1 hereof and the assumption of the Existing Warrant Agreement by PubCo from SPAC pursuant to Section 1.1 hereof, in each case effective as of the Closing, and (ii) the continuation of the Existing Warrant Agreement (as amended by this Agreement), in full force and effect from and after the Closing.

2. Amendment of Existing Warrant Agreement

2.1 Effective as of the Closing, SPAC and the Warrant Agent hereby amend the Existing Warrant Agreement as provided in this Section 2 and acknowledge and agree that the amendments to the Existing Warrant Agreement set forth in this Section 2 are to provide for the delivery of Alternative Issuance pursuant to Section 4.5 of the Existing Warrant Agreement (in connection with the First Merger and the transactions contemplated by the Business Combination Agreement).

2.2 Conversion of SPAC Warrants. Pursuant to Section 2.2(g)(iii) of the Business Combination Agreement, each Warrant that is outstanding immediately prior to the Effective Time (as defined in the Business Combination Agreement) shall automatically be converted at the Effective Time into a PubCo Warrant (as defined in the Business Combination Agreement), without interest, representing a right to acquire that number of PubCo Ordinary Shares equal to the number of shares of SPAC Class A Common Stock set forth in such Warrant, on substantially the same terms as were in effect immediately prior to the Effective Time under the Existing Warrant Agreement.

2.3 Detachability of Warrants. Section 2.4 of the Existing Warrant Agreement is hereby deleted and replaced with the following:

“[INTENTIONALLY OMITTED.]”

2.4 References to the “Company”. All references to “the Company” in the Existing Warrant Agreement (including all Exhibits thereto) shall be references to “PubCo”.

2.5 References to Shares of Common Stock. All references to “shares of Common Stock” in the Existing Warrant Agreement (including all Exhibits thereto) shall be references to “PubCo Ordinary Shares”.

2.6 References to the Business Combination. All references to “Business Combination” in the Existing Warrant Agreement (including all Exhibits thereto) shall be references to the transactions contemplated by the Business Combination Agreement, and all references to “the completion of the Business Combination” and all variations thereof in the Existing Warrant Agreement (including all Exhibits thereto) shall be references to the Closing.

2.7 Notice Clause. Section 9.2 of the Existing Warrant Agreement is hereby deleted and replaced with the following:

“Notices. Any notice, statement or demand authorized by this Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on PubCo shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five (5) days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by PubCo with the Warrant Agent), as follows:

If to PubCo, to:
Baird Medical Investment Holdings Limited
Room 202, 2/F, Baide Building, Building 11
No.15 Rongtong Street, Yuexiu District, Guangzhou
Attention: Quan Qiu
Email: Qiuquan@baidemed.com

with a copy (which shall not constitute notice) to:

Dechert LLP
24/F, North Tower, Beijing Kerry Centre
1 Guanghua Road, Chaoyang District
Beijing, China 100020
Attention: Yang Wang; Stephen Leitzell
Email: yang.wang@dechert.com; stephen.leitzell@dechert.com

Any notice, statement or demand authorized by this Agreement to be given or made by the holder of any Warrant or by PubCo to or on the Warrant Agent shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five (5) days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with PubCo), as follows:

Equiniti Trust Company, LLC
48 Wall St
New York, NY 10005
Attention: Felix Orihuela
Email: FOrihuela@equiniti.com

3. **Miscellaneous Provisions.**

3.1 **Effectiveness of the Amendment.** Each of the parties hereto acknowledges and agrees that the effectiveness of this Agreement shall be expressly subject to the occurrence of the First Merger and substantially contemporaneous occurrence of the Closing and shall automatically be terminated and shall be null and void if the Business Combination Agreement shall be terminated for any reason.

3.2 **Successors.** All the covenants and provisions of this Agreement by or for the benefit of PubCo, SPAC or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

3.3 **Applicable Law; Jurisdiction.** The validity, interpretation, and performance of this Agreement and the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. PubCo hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the City of New York, County of New York, State of New York, the United States District Court for the Southern District of New York or the federal district courts of the United States, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. PubCo hereby waives any objection to such exclusive jurisdiction and any argument that such courts represent an inconvenient forum. Notwithstanding the foregoing, the provisions of this paragraph will not apply to suits brought to enforce (i) any liability or duty created by the Exchange Act or the rules and regulations thereunder for which Section 27 of the Exchange Act creates exclusive federal jurisdiction, (ii) with respect to suits brought in federal courts, any duty or liability created by the Securities Act or the rules and regulations thereunder for which Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts or (iii) any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in the Warrants shall be deemed to have notice of and to have consented to the forum provisions in this Section 3.3. If any action, the subject matter of which is within the scope of the forum provisions above, is filed in a court other than a court located within the City of New York, County of New York, State of New York or the United States District Court for the Southern District of New York (a “foreign action”) in the name of any holder of the Warrants, such holder of the Warrants shall be deemed to have consented to (x) the personal jurisdiction of the state and federal courts located within the State of New York or the United States District Court for the District of New York in connection with any action brought in any such court to enforce the forum provisions (an “enforcement action”), and (y) having service of process made upon such holder of the Warrants in any such enforcement action by service upon such holder’s counsel in the foreign action as agent for such holders of the Warrants.

3.4 **Counterparts; Electronic Signatures.** This Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement transmitted electronically shall have the same authority, effect and enforceability as an original signature.

3.5 **Effect of Headings.** The section headings herein are for convenience only and are not part of this Agreement and shall not affect the interpretation thereof.

3.6 **Severability.** This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

3.7 **Termination of Private Warrant Agreement.** SPAC and the Warrant Agent hereby agree that, effective as of the Closing, the Private Warrant Agreement is hereby terminated and of no further force or effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

EXCELFIN ACQUISITION CORP.

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Chief Executive Officer and Chief Financial Officer

[Signature Page to Warrant Assignment, Assumption and Amendment Agreement]

BAIRD MEDICAL INVESTMENT HOLDINGS LIMITED

By: /s/ Haimei Wu

Name: Haimei Wu

Title: Chief Executive Officer

[Signature Page to Warrant Assignment, Assumption and Amendment Agreement]

EQUINITI TRUST COMPANY, LLC as Warrant Agent

By: /s/ Carlos Pinto

Name: Carlos Pinto

Title: Senior Vice President, Director

[Signature Page to Warrant Assignment, Assumption and Amendment Agreement]

LOCK-UP AGREEMENT

THIS LOCK-UP AGREEMENT (this "Agreement") is made and entered into as of October 1, 2024, by and between Better Medical Investment Holdings Limited, a Cayman Islands exempted company (the "Holder"), and Baird Medical Investment Holdings Limited, a Cayman Islands exempted company and a direct, wholly owned Subsidiary of Better ("PubCo"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Business Combination Agreement (as defined below).

WHEREAS, PubCo, the Holder, ExcelFin Acquisition Corp., a Delaware corporation ("SPAC"), Better Medical Merger Sub, Inc., a Delaware corporation and a direct, wholly owned Subsidiary of PubCo, Better Medical Merger Sub 2, Inc., a Delaware corporation and a direct, wholly owned Subsidiary of PubCo, Better Medical NewCo, LLC, a Delaware limited liability company and a direct, wholly owned Subsidiary of the Holder, and Tycoon Choice Global Limited, a business company limited by shares incorporated under the Laws of the British Virgin Islands and a direct, wholly owned Subsidiary of the Holder (the "Company"), entered into a business combination agreement, dated as of June 26, 2023, as amended on March 11, 2024, May 16, 2024, June 17, 2024 and August 23, 2024 (the "Business Combination Agreement"), which provides for, among other things, a business combination between SPAC and the Company, and following the consummation of such transactions, the Holder will hold 27,463,627 PubCo Ordinary Shares (together with any securities paid as dividends or distributions with respect to such securities or into which such securities are exchanged or converted, the "Shares"); and

WHEREAS, pursuant to the Business Combination Agreement, and in view of the valuable consideration to be received by the Holder thereunder, PubCo and the Holder desire to enter into this Agreement, pursuant to which the Shares shall become subject to the limitations on disposition, risk of forfeiture and other restrictions as set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, which are incorporated in this Agreement as if fully set forth below, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Definitions. For purposes of this Agreement:

(a) the term "Change of Control" means the occurrence, after the Closing Date, of any of the following events: (i) any Person or any group of Persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act is or becomes the beneficial owner, directly or indirectly, of securities of PubCo representing more than 50% of the combined voting power of, or economic interests in, PubCo's then outstanding voting securities; (ii) there is consummated a merger or consolidation of PubCo with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (A) the PubCo board of directors immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or, if the surviving company is a Subsidiary of another Person, the ultimate parent thereof, or (B) the voting securities of PubCo immediately prior to such merger or consolidation do not continue to represent, or are not converted into, more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary of another Person, the ultimate parent thereof; or (iii) the shareholders of PubCo approve a plan of complete liquidation or dissolution of PubCo or there is consummated an agreement or series of related agreements for the sale, lease or other disposition, directly or indirectly, by PubCo of 50% or more of the assets of PubCo and its Subsidiaries, taken as a whole.

(b) the term “Immediate Family” means, with respect to any natural person, any of the following: (i) such person’s spouse; (ii) the siblings of such person and his or her spouse; and (iii) the direct descendants and ascendants (including adopted and step children and parents) of such person and his or her spouses and siblings;

(c) the term “Lock-Up Period” means the period beginning on the date of the consummation of the Share Contribution and ending on the earlier of: (i) the date that is six months after the Closing Date; or (ii) the consummation of a Change of Control of PubCo;

(d) the term “Lock-Up Shares” means the Shares, and for the avoidance of any doubt shall exclude (i) PubCo Ordinary Shares acquired in the public market after the Closing Date and (ii) PubCo Ordinary Shares acquired pursuant to a transaction exempt from registration under the Securities Act after the Closing Date;

(e) the term “Permitted Transferees” means any Person to whom the Holder is permitted to transfer Lock-Up Shares prior to the expiration of the Lock-Up Period pursuant to Section 3(a); and

(f) the term “Transfer” means the (i) sale of, offer to sell, contract or agreement to sell, hypothecate, pledge, grant of any option to purchase or otherwise dispose of, or agree to dispose of, or establishment or increase of a put equivalent position or liquidation with respect to, or decrease of a call equivalent position, within the meaning of Section 16 of the Exchange Act, with respect to, any security, (ii) entry into any swap or other arrangement that transfers to another Person, in whole or in part, any of the economic consequences of ownership of any security, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (iii) public announcement of any intention to effect any transaction specified in clause (i) or (ii).

2. Earnout Shares. The parties hereto hereby agree that (x) 18,640,098 PubCo Ordinary Shares, representing approximately 67.9% of the PubCo Ordinary Shares to be held by the Holder immediately following the Effective Time, shall be fully vested and freely tradable, subject only to the restrictions set forth in the Securities Act or set forth herein and (y) 8,823,529 PubCo Ordinary Shares, representing the remaining approximately 32.1% of the PubCo Ordinary Shares to be held by the Holder immediately following the Effective Time, shall be subject to vesting and forfeiture as described below (the “Earnout Shares”).

(a) The Earnout Shares shall become fully vested if, at any time from the Effective Time through the date that is the eighth anniversary of the Effective Time, the VWAP of PubCo Ordinary Shares is greater than or equal to \$12.50 (the “Price Target”) over any 20 trading days within any 30-day trading period (the “Triggering Event”); provided, that the Price Target shall be equitably adjusted for any share splits, share dividends, reorganizations, combinations, recapitalizations and similar transactions affecting the PubCo Ordinary Shares. For purposes hereof, “VWAP” means, for any security as of any date(s), the dollar volume-weighted average price for such security on the principal securities exchange or securities market on which such security is then traded during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its “HP” function (set to weighted average) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported by OTC Markets Group Inc.

(b) In the event that there is a Change of Control of PubCo after the Effective Time and prior to the date that is the eighth anniversary of the Effective Time, and the corresponding valuation of PubCo Ordinary Shares implied by that Change of Control (taking into account the Earnout Shares that will vest upon such Change of Control and all other PubCo Ordinary Shares issuable or vesting upon such Change of Control) is greater than or equal to the Price Target, the Earnout Shares (to the extent not already fully vested in connection with a Triggering Event) shall become fully vested immediately prior to such Change of Control, such that the holders of the Earnout Shares shall be entitled to receive in such Change of Control the consideration which would have been issuable or payable to them in such Change of Control (including the right to elect to receive different forms of consideration) if they had held the Earnout Shares immediately prior to the consummation thereof.

(c) Within five Business Days after the occurrence of a Triggering Event or a Change of Control of PubCo resulting in a vesting of Earnout Shares, PubCo shall cause its transfer agent to note the vesting of the appropriate number of Earnout Shares on its share ledger records.

(d) If by the eighth anniversary of the Effective Time any Earnout Shares shall not have vested, such Earnout Shares shall be forfeited and shall be delivered in certificated or book-entry form to PubCo for cancellation for no consideration and shall cease to represent any interest in PubCo, effective as of such date.

3. Lock-Up Provisions.

(a) Notwithstanding the provisions set forth in Section 3(b), the Holder or any of its Permitted Transferees may Transfer any or all of the Lock-Up Shares other than unvested Earnout Shares (the “Nonforfeitable Lockup-Up Shares”) during the Lock-Up Period: (i) to the Holder’s officers, directors, managers or management committee members; (ii) to any Affiliates of the Holder or such Affiliate’s officers, directors, managers or management committee members; (iii) in the case of any such Permitted Transferee being an individual, by gift to a member of such individual’s Immediate Family or to a trust, the beneficiary of which is a member of such individual’s Immediate Family or to a charitable organization; (iv) in the case of any such Permitted Transferee being an individual, by virtue of laws of descent and distribution upon death of such individual; (v) in the case of any such Permitted Transferee being an individual, pursuant to a qualified domestic relations order; (vi) to any partners (general or limited), members, shareholders or holders of similar Equity Securities of the Holder (or, in each case, its nominee or custodian) or any of their respective Affiliates; (vii) by virtue of applicable Law or the Holder’s Governing Documents upon liquidation or dissolution of the Holder; (viii) in connection with any pledge, hypothecation or other granting of a security interest in the Nonforfeitable Lock-Up Shares to one or more lending institutions as collateral or security for any borrowing or the incurrence of any indebtedness by the Holder (provided, that such borrowing or incurrence of indebtedness is secured by a portfolio of assets or Equity Securities issued by multiple issuers); (ix) pursuant to a bona fide tender offer, merger, consolidation or other similar transaction, in each case, made to all holders of PubCo Ordinary Shares, involving a Change of Control (including negotiating and entering into an agreement providing for any such transaction); provided, that in the event that such tender offer, merger, consolidation or other such transaction is not completed, all Nonforfeitable Lock-Up Shares shall remain subject to the provisions of Section 3(b); or (x) to the Holder; provided, however, that, in the case of clauses (i) through (ix), any such Permitted Transferees shall enter into a written agreement agreeing to be bound by the provisions set forth in this Section 3 prior to or concurrently with such Transfer.

(b) The Holder hereby agrees that it shall not, and shall cause any of its Permitted Transferees to not, Transfer (i) any Lock-Up Shares during the Lock-Up Period or (ii) any unvested Earnout Shares while such Earnout Shares remain unvested.

(c) During the Lock-Up Period, each certificate (if any are issued) evidencing any Lock-Up Shares shall be stamped or otherwise imprinted with a legend in substantially the following form, in addition to any other applicable legends:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER SET FORTH IN A LOCK-UP AGREEMENT, DATED AS OF OCTOBER 1, 2024, BY AND BETWEEN THE ISSUER OF SUCH SECURITIES (THE “ISSUER”) AND THE ISSUER’S SECURITY HOLDER NAMED THEREIN, AS AMENDED. A COPY OF SUCH LOCK-UP AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST.”

Promptly upon the expiration of the Lock-Up Period, PubCo shall take all reasonable steps required to remove such legend from the certificates evidencing the Lock-Up Shares, including issuing new share certificates (if any are issued) in respect of the Lock-Up Shares.

(d) Until an Earnout Share is fully vested, each certificate (if any are issued) evidencing such Earnout Share shall be stamped or otherwise imprinted with a legend in substantially the following form, in addition to any other applicable legends:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AS SET FORTH IN A LOCK-UP AGREEMENT, DATED AS OF OCTOBER 1, 2024, BY AND BETWEEN THE ISSUER OF SUCH SECURITIES (THE “ISSUER”) AND THE ISSUER’S SECURITY HOLDER NAMED THEREIN, AS AMENDED. A COPY OF SUCH LOCK-UP AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST.”

Promptly upon the vesting of the Earnout Shares, PubCo shall take all reasonable steps required to remove such legend from the certificates evidencing the Earnout Shares, including issuing new share certificates (if any are issued) in respect of the Earnout Shares.

(e) For the avoidance of any doubt, the Holder shall retain all of its rights as a shareholder of PubCo with respect to (i) the Lock-Up Shares during the Lock-Up Period, including the right to vote any Lock-Up Shares and (ii) the Earnout Shares while they are subject to vesting, including the right to vote any Earnout Shares.

4. Miscellaneous.

(a) Adjustment. The share prices of the Lock-Up Shares will be equitably adjusted on account of any changes in the equity securities of PubCo that occur after the Closing Date by way of stock split, stock dividend, combination or reclassification, or through merger, consolidation, reorganization, recapitalization or business combination, or by any other means.

(b) Transfers. If any Transfer is made or attempted contrary to the provisions of this Agreement, such Transfer shall be null and *void ab initio*, and PubCo shall refuse to recognize any such transferee of the Lock-Up Shares or the Earnout Shares as one of its shareholders for any purpose. In order to enforce this Section 4(b), PubCo may impose stop-transfer instructions with respect to (i) any relevant Lock-Up Shares (and any permitted transferees and assigns thereof), as applicable, until the expiration of the Lock-Up Period and (ii) any relevant Earnout Shares (and any permitted transferees and assigns thereof), as applicable, until the Earnout Shares are fully vested.

(c) Binding Effect; Assignment. No party hereto shall assign this Agreement or any part hereof without the prior written consent of the other party hereto, and any such transfer without prior written consent shall be void. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

(d) Third Parties. Nothing contained in this Agreement or in any instrument or document executed by any party hereto in connection with the transactions contemplated hereby shall create any rights in, or be deemed to have been executed for the benefit of, any Person that is not a party hereto or thereto or a successor or permitted assign of such a party.

(e) Governing Law; Jurisdiction. This Agreement, and all claims or causes of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, without giving effect to principles or rules of conflict of Laws to the extent such principles or rules would require or permit the application of Laws of another jurisdiction. Any Action based upon, arising out of or related to this Agreement or the transactions contemplated hereby must be brought in the Court of Chancery of the State of Delaware (or, to the extent such court does not have subject matter jurisdiction, the Complex Commercial Litigation Division of the Delaware Superior Court, New Castle County), or, if it has or can acquire jurisdiction, in the United States District Court for the District of Delaware, and each of the parties hereto irrevocably submits to the exclusive jurisdiction of each such court in any such Action, waives any objection it may now or hereafter have to personal jurisdiction, venue or to convenience of forum, agrees that all claims in respect of the Action shall be heard and determined only in any such court, and agrees not to bring any Action arising out of or related to this Agreement or the transactions contemplated hereby in any other court. Nothing herein contained shall be deemed to affect the right of any party hereto to serve process in any manner permitted by applicable Law or to commence Actions or otherwise proceed against any other party in any other jurisdiction, in each case, to enforce judgments obtained in any Action brought pursuant to this Section 4(e).

(f) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO TRIAL BY JURY OF ANY PROCEEDING (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. EACH PARTY HERETO HEREBY AGREES AND CONSENTS THAT ANY SUCH PROCEEDING SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES HERETO MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY HERETO UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY HERETO MAKES THIS WAIVER VOLUNTARILY AND (IV) EACH SUCH PARTY HERETO HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4(F).

(g) Interpretation. (i) Unless the context of this Agreement otherwise requires or unless otherwise specified: (A) words of any gender shall be construed as masculine, feminine, neuter or any other gender, as applicable; (B) words using the singular or plural number also include the plural or singular number, respectively, as applicable; (C) the terms “hereof,” “herein,” “hereby,” “herewith,” “hereto” and derivative or similar words refer to this entire Agreement; (D) the term “Section” refers to the specified Section of this Agreement; (E) the words “including,” “included,” or “includes” shall mean “including, without limitation;” (F) the word “extent” in the phrase “to the extent” means the degree to which a subject or thing extends and such phrase shall not simply mean “if;” (G) the word “or” shall be disjunctive but not exclusive; and (H) any reference to a given Person includes such Person’s successors and permitted assigns. (ii) Unless the context of this Agreement otherwise requires, references to statutes shall include all regulations promulgated thereunder, and references to statutes or regulations shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing such statutes or regulations. (iii) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. (iv) Time periods within or following which any act is to be done under this Agreement shall be calculated by excluding the calendar day on which the period commences and including the calendar day on which the period ends, and by extending the period to the next following Business Day if the last calendar day of the period is not a Business Day. (v) All references to Contracts (including this Agreement) means such Contracts as the same may from time to time be amended or supplemented or the terms thereof waived or modified, in each case to the extent provided to the applicable party hereto. (vi) The headings preceding the text of Sections included herein are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement.

(h) Notices. All notices and other communications among the parties hereto shall be in writing and shall be deemed to have been duly given (i) when delivered in person, (ii) when delivered after posting in the United States mail having been sent registered or certified mail return receipt requested, postage prepaid, (iii) on the day following mailing if sent by FedEx or other nationally recognized overnight delivery service, or (iv) when delivered by email during normal business hours at the location of the recipient, and otherwise on the next following Business Day, addressed as follows:

If to the Holder, to:

18/F, Ovest, 77 Wing Lok Street
Sheung Wan, Hong Kong
Email: Quan Qiu
Attention: Qiuquan@baidemed.com

with copies (which shall not constitute notice) to:

Dechert LLP
24/F, North Tower, Beijing Kerry Centre
1 Guanghua Road, Chaoyang District
Beijing, China 100020
Email: yang.wang@dechert.com;
stephen.leitzell@dechert.com
Attention: Yang Wang; Stephen Leitzell

If to PubCo, to:

Baird Medical Investment Holdings Limited
Room 202, 2/F, Baide Building, Building 11
No.15 Rongtong Street, Yuexiu District, Guangzhou
Attention: Quan Qiu
Email: Qiuquan@baidemed.com

with copies (which shall not constitute notice) to:

Dechert LLP
24/F, North Tower, Beijing Kerry Centre
1 Guanghua Road, Chaoyang District
Beijing, China 100020
Email: yang.wang@dechert.com
Attention: Yang Wang

or to such other address or addresses as the parties hereto may from time to time designate in writing in accordance with this Section 4(h).

(i) Severability. If any term or provision of this Agreement is held to be prohibited by or invalid, illegal or unenforceable under applicable Law, such term or provision shall be ineffective only to the extent of such prohibition, invalidity, illegality or unenforceability, and all other terms and provisions of this Agreement shall remain in full force and effect. The parties hereto further agree that if any term or provision contained herein is, to any extent, held prohibited by or invalid, illegal or unenforceable under applicable Law, the parties hereto shall take any actions necessary to render the remaining terms and provisions of this Agreement valid and enforceable to the fullest extent permitted by applicable Law and, to the extent necessary, shall amend or otherwise modify this Agreement to replace any term or provision contained herein that is held prohibited by or invalid, illegal or unenforceable with a valid, legal and enforceable term or provision giving effect to the original intent of the parties hereto.

(j) Specific Performance. The parties hereto agree that irreparable damage could occur in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached. It is accordingly agreed that PubCo shall be entitled to an injunction or injunctions, specific performance or other equitable relief to prevent actual or threatened breaches of this Agreement and to enforce the terms and provisions of this Agreement, in addition to any other remedy to which it is entitled at Law or in equity. In the event that any Action shall be brought in equity to enforce the provisions of this Agreement, the Holder shall not allege, and the Holder hereby waives the defense, that there is an adequate remedy at Law, and the Holder agrees to waive any requirement for the securing or posting of any bond in connection therewith.

(k) Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto relating to the transactions contemplated hereby and supersedes any other agreements, whether written or oral, that may have been made or entered into by or among any of the parties hereto relating to the transactions contemplated hereby; provided, that, for the avoidance of doubt, the foregoing shall not affect the rights and obligations of the Parties under the Business Combination Agreement or any Ancillary Agreement. Notwithstanding the foregoing, nothing in this Agreement shall limit any of the rights or remedies of PubCo or any of the obligations of the Holder under any other agreement between the Holder and PubCo, or any certificate or instrument executed by the Holder in favor of PubCo, and nothing in any other agreement, certificate or instrument shall limit any of the rights or remedies of PubCo or any of the obligations of the Holder under this Agreement. No representations, warranties, covenants, understandings or agreements, oral or otherwise, relating to the transactions contemplated hereby exist between the parties hereto except as expressly set forth or referenced in this Agreement.

(l) Further Assurances. Without further consideration, each party hereto shall execute and deliver or cause to be executed and delivered such additional documents and instruments and take all such further action as may be reasonably necessary to consummate the transactions contemplated by this Agreement.

(m) Costs and Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party hereto incurring such costs and expenses, whether or not the transactions contemplated hereby are consummated.

(n) Counterparts. This Agreement may be executed in two or more counterparts, and by different parties hereto in separate counterparts, with the same effect as if all parties hereto had signed the same document, but all of which together shall constitute one and the same instrument. Copies of executed counterparts of this Agreement transmitted by electronic transmission (including by email or in .pdf format) or facsimile as well as electronically or digitally executed counterparts (such as DocuSign) shall have the same legal effect as original signatures and shall be considered original executed counterparts of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

HOLDER:

Betters Medical Investment Holdings Limited

By: /s/ Haimei Wu
Name: Haimei Wu
Title: Chief Executive Officer

PUBCO:

Baird Medical Investment Holdings Limited

By: /s/ Haimei Wu
Name: Haimei Wu
Title: Chief Executive Officer

[Signature Page to Lock-Up Agreement]

Subsidiaries of Baird Medical Investment Holdings Limited

Company Name	Jurisdiction of Incorporation or Organization
Baird Medical LLC*	Delaware
Bettors Medical NewCo, LLC*	Delaware
ExcelFin Acquisition Corp.*	Delaware
Tycoon Choice Global Limited*	British Virgin Islands
Baide Medical Investment Company Limited**	Hong Kong
Baide (Guangdong) Capital Management Company Limited** (百德 (广东) 资本管理有限公司)	People's Republic of China
Guangzhou Dedao Capital Management Company Limited** (广州德道资本管理有限公司)	People's Republic of China
Guangzhou Baihui Enterprise Management Company Limited** (广州百辉企业管理有限公司)	People's Republic of China
Guangzhou Zhengde Enterprise Management Company Limited** (广州正德企业管理有限公司)	People's Republic of China
Guangzhou Yide Capital Management Company Limited** (广州易德资本管理有限公司)	People's Republic of China
Baide (Suzhou) Medical Company Limited** (百德 (苏州) 医疗有限公司) (f/k/a Guangdong Baide Medical Company Limited)	People's Republic of China
Henan Ruide Medical Instrument Company Limited** (河南瑞德医疗器械有限公司)	People's Republic of China
Nanjing Changcheng Medical Equipment Company Limited** (南京长城医疗设备有限公司)	People's Republic of China
Guizhou Baiyuan Medical Company Limited** (贵州百源医疗有限公司)	People's Republic of China
Guoke Baide (Guangdong) Medical Company Limited** (国科百德 (广东) 医疗有限公司)	People's Republic of China
Hunan Baide Medical Technology Company Limited** (湖南百德医疗科技有限公司)	People's Republic of China
Ruikede Biological Technology (Xiamen) Company Limited** (瑞科德生物科技 (厦门) 有限公司)	People's Republic of China
Guangzhou Fangda Medical Technology Company Limited** (广州方达医疗科技有限公司)	People's Republic of China
Junde (Guangzhou) Medical Technology Company Limited** (君德 (广州) 医疗科技有限公司)	People's Republic of China
Shengde (Guangzhou) Medical Technology Company Limited** (盛德 (广州) 医疗科技有限公司)	People's Republic of China
Suzhou Kangchuang Medical Company Limited** (苏州康创医疗有限公司)	People's Republic of China

*Direct subsidiary

**Indirect subsidiary

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below have the same meaning as terms defined and included elsewhere in the Company's registration statement on Form F-4 (File No. 333-274114) initially filed with the U.S. Securities and Exchange Commission (the "SEC") on August 21, 2023, as amended (the "Proxy Statement/Prospectus").

Introduction

The following unaudited pro forma condensed combined financial statements present the combination of the historical financial information of ExcelFin and PubCo adjusted to give effect for the Business Combination between ExcelFin and the PubCo. The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed combined balance sheet as of June 30, 2024, combines the historical balance sheet of ExcelFin and the historical consolidated balance sheet of PubCo, on a pro forma basis as if the Business Combination had been consummated on June 30, 2024, after giving effect to the subsequent July 25, 2024 and October 1, 2024 redemptions of ExcelFin Common Stock, through the completion date of the business combination.

The unaudited pro forma condensed combined statement of operations for the six-month period ended June 30, 2024 combines the historical statements of operations of ExcelFin and the PubCo for such period on a pro forma basis as if the Business Combination had been consummated on June 30, 2024, the beginning of the earliest period presented.

The unaudited pro forma condensed combined financial statements have been developed from and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial statements;
- the historical unaudited financial statements of ExcelFin as of and for the six-month period ended June 30, 2024 and the related notes thereto, included elsewhere in the Proxy Statement/Prospectus;
- the historical unaudited consolidated financial statements of PubCo as of and for the six-month period ended June 30, 2024 and the related notes thereto, included in PubCo's Shell Report on Form 20-F filed with the SEC on October 9, 2024; and
- the sections entitled "ExcelFin's Management's Discussion and Analysis of Financial Condition and Results of Operations" and "PubCo's Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information relating to ExcelFin and PubCo included elsewhere in the Proxy Statement/Prospectus, including the Business Combination Agreement.

The unaudited pro forma condensed combined financial information has been presented for illustrative purposes only and does not necessarily reflect what PubCo's financial condition or results of operations would have been had the Business Combination occurred on the dates indicated.

Further, the unaudited pro forma condensed combined financial information also may not be useful in predicting the future financial condition and results of operations of PubCo. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited transaction accounting adjustments represent management's estimates based on information available as of the date of this unaudited pro forma condensed combined financial information and are subject to change as additional information becomes available and analyses are performed. Assumptions and estimates underlying the unaudited pro forma adjustments set forth in the unaudited pro forma condensed combined financial statements are described in the accompanying notes. The parties believe that the assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at this time and that the transaction accounting adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

Description of transaction

ExcelFin has entered into the Business Combination Agreement with Tycoon and certain other entities. The purchase price is \$300,000,000, subject to certain adjustments, which will be paid in ExcelFin stock at a value of \$10.20 per share (29,411,764 PubCo Ordinary Shares valued at \$10.20 per share). However, 8,823,529 of the PubCo Ordinary Shares issued to Baird Medical (the "Baird Medical Earnout Shares") will not vest unless and until within the eighth anniversary of the closing of the Business Combination (a) the volume weighted average price of the PubCo Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of PubCo occurs with an implied value at or above \$12.50 per share.

Pursuant to the Business Combination Agreement (a) on August 3, 2023, Baird Medical contributed all of the issued shares of Tycoon held by Baird Medical to PubCo and Baird Medical received in exchange therefor 29,411,764 PubCo Ordinary Shares; (b) prior to Closing, Baird Medical will transfer 1,947,058 PubCo Ordinary Shares (which shares shall not include the Baird Medical Earnout Shares) to Newco and the Minority Holders will exchange their ownership interests in Baird Medical for all of the outstanding ownership interests in Newco; and (c) after the special meeting, Merger Sub 1 will merge with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of PubCo (the "First Merger") and Merger Sub 2 will merge with and into Newco, with Newco continuing as the surviving entity and wholly-owned subsidiary of PubCo (the "Second Merger").

On September 30, 2024, the Company entered into (i) a Subscription Agreement with Grand Fortune Capital (H.K.) Company Limited ("GFC"), pursuant to which the Company issued to GFC at the Closing 290,000 Series A convertible preferred shares, par value \$0.0001 per share, of the Company (the "Preferred Shares"), for a purchase price of \$2.9 million (the "GFC Subscription Amount") and (ii) a Subscription Agreement with Wu Wenyuan, pursuant to which, Wu Wenyuan must pay a purchase price of \$2 million (the "Wu Subscription Amount") within six months of Closing, in exchange for which the Company will issue to Wu Wenyuan 200,000 Preferred Shares. The GFC Subscription Amount was paid concurrently with the Closing, and the Wu Subscription Amount will be paid within six months after the Closing. At any time on or before the two-year anniversary of the issuance of the Preferred Shares, GFC and Wu Wenyuan may convert all or a portion of their respective Preferred Shares into a number of ordinary shares of the Company per Preferred Share at a conversion ratio equal to the sum of the original issue price of such Preferred Share and all accrued but unpaid dividends thereon, divided by a conversion price of \$10.00. The Company may, at any time and at its sole option, choose to repurchase for cash all or a portion of the Preferred Shares, at a price per Preferred Share equal to the sum of 110% of the subscription price of such Preferred Share and all accrued but unpaid dividends thereon.

At the effective time of the Business Combination: (i) each ExcelFin Unit that is issued and outstanding shall be automatically divided, and the holder thereof shall be deemed to hold one share of ExcelFin Class A Common Stock and one-half of one ExcelFin Public Warrant; (ii) each outstanding public shares of ExcelFin Class A Common Stock will be exchanged for one PubCo Ordinary Share; and (iii) the registered holder of each ExcelFin Public Warrant will receive, in exchange for the ExcelFin Public Warrants, an equal number of warrants to purchase one PubCo Ordinary Share upon the same terms as applicable to the ExcelFin Public Warrants. Each share of ExcelFin Class A Common Stock held by the Sponsor or its assignees will be cancelled in exchange for one PubCo Ordinary Share upon the Closing. However, 1,350,000 of the PubCo Ordinary Shares issued to the Sponsor in the Business Combination will not vest unless and until, within the fifth anniversary of the closing of the Business Combination, (a) the volume weighted average price of the PubCo Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share over any 20 trading days within any 30-day trading period or (b) a change of control of PubCo occurs.

In the Second Merger, 1,947,058 PubCo Ordinary Shares transferred by Baird Medical to Newco will be cancelled, and an equal number of PubCo Ordinary Shares will be issued to the Minority Holders.

The per-share valuation of \$10.20 utilized in the Business Combination Agreement was set solely for the purposes of determining how many shares to issue in the Business Combination and does not reflect the actual price that the shares may be valued at following the Business Combination.

The Business Combination will be accounted for as a "reverse recapitalization" in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under this method of accounting, PubCo will be treated as the "acquirer" for financial reporting purposes. This determination is primarily based on Baird Medical expecting to have a majority of the voting power of the Combined Company, Tycoon conducting the ongoing operations of the Combined Entity, Baird Medical comprising a majority of the governing body of the Combined Company, and Baird Medical's senior management comprising the senior management of the Combined Company. Accordingly, for accounting purposes, the Business Combination will be treated as the equivalent of Baird Medical issuing stock for the net assets of ExcelFin, accompanied by a recapitalization. The net assets of ExcelFin will be stated at historical cost, with no goodwill or other intangible assets will be recorded. Operations prior to the Business Combination will be those of Baird Medical.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of June 30, 2024

(in thousands)

	PubCo (Historical)	ExcelFin (Historical)	ExelFin Redemption 7/25/2024 and 10/01/2024	PIPE Investment		Pro Forma Adjustments		Pro Forma Combined
ASSETS								
Current assets:								
Cash and cash equivalents	1,502	111		2,900	B	3,383	A	4,039
						(3,860)	H	
						3	L	
						-		
Accounts receivable, net	34,502							34,502
Accounts receivable from related parties	-							-
Inventory	1,119							1,119
Amounts due from related parties	3					(3)	L	-
Prepayments, net	9,853	94						9,947
Total current assets	46,979	205	-	2,900		(477)		49,607
Non-current assets:								
Cash and marketable securities held in Trust Account	-	17,103	(13,720)			(3,383)	A	-
Right-of-use assets	662							662
Goodwill	58							58
Prepayments - non-current	5,533							5,533
Deposits and other assets – non-current	122							122
Intangible assets, net	21							21
Income tax receivable		204						204
Deferred taxes assets	756	4						760
Deferred offering costs	985							985
Property and equipment, net	7,887							7,887
Total non-current assets	16,024	17,311	(13,720)	-		(3,383)		16,232
TOTAL ASSETS	63,003	17,516	(13,720)	2,900		(3,860)		65,839
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)								
Short-term loan	12,934							12,934
Accounts payable and accrued expenses	4,106	7,601				(3,860)	H	7,847
Contract liability	539							539
Excise tax payable		2,243						2,243
Income taxes payable	212							212
Franchise taxes payable		135						135
Accrued offering costs		401						401
Amounts due to related parties	3,308	1,543				(1,543)	D	3,308
Unrecognized tax benefit		183						183
Lease liability	397							397
Deferred tax liabilities	69							69
Long-term loans, current portion	834							834
Working capital loan - sponsor	-	1,297				(1,297)	D	-
Total current liabilities	22,399	13,403	-	-		(6,700)		29,102
Non-current liabilities:								
Lease liability	200							200
Long-term loans	1,151							1,151
Deferred underwriting fee payable		1,610					M	1,610
Total non-current liabilities	1,351	1,610	-	-		-		2,961
Total liabilities	23,750	15,013	-	-		(6,700)		32,063
COMMITMENTS AND CONTINGENCIES								
Temporary equity:								
Common stock subject to possible redemption		16,678	(13,720)			(2,958)	C	
Stockholders' equity (deficit):								
Ordinary shares	3							3
Class A common stock		1				4	F	5
Class B common stock								
Series A Convertible Preferred Shares				4,900	B			4,900
Stock Subscription Receivable				(2,000)	B			(2,000)
Additional paid-in capital	18,850					2,958	C	101,507
						(14,176)	E	
						2,840	D	
						(4)	F	
						(13,514)	G	
						13,813	I	
						351	J	
						90,389	K	
Statutory reserve	4,557							4,557
Retained earnings (Accumulated deficit)	18,676	(14,176)				14,176	E	(72,363)
						13,514	G	
						(13,813)	I	
						(351)	J	
						(90,389)	K	
Accumulated other comprehensive loss	(2,834)							(2,834)
Total controlling shareholder's equity	39,252	(14,175)	-	2,900		5,798		33,775
Non-controlling interests	1							1
Total equity	39,253	(14,175)	-	2,900		5,798		33,776
TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' DEFICIT	63,003	17,516	(13,720)	2,900		(3,860)		65,839

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX-MONTH PERIOD ENDED June 30, 2024
(in thousands, except per share data)

	PubCo (Historical)	ExcelFin (Historical)	Pro Forma Adjustments	Pro Forma Combined
Revenues	13,137	-	-	13,137
Cost of revenue	1,646	-	-	1,646
Gross profit	11,491	-	-	11,491
Operating costs and expenses:				
Research and development expenses	2,027			2,027
Selling and marketing expenses	1,169			1,169
Financial services and administrative fees - related party	-	60		60
Franchise taxes	-	100		100
General and administrative expenses	3,206	2,678		5,884
Total operating costs and expenses	6,402	2,838	-	9,240
Income (Loss) from operations	5,089	(2,838)	-	2,251
Other income (expense):				
Interest income	-	451	(451) AA	-
Interest expense	(239)			(239)
Contingent earn out - Sponsor				-
Subsidiary income	-			-
Other income	6			6
Total other income (expense)	(233)	451	(451)	(233)
Net income (loss) before income tax provision	4,857	(2,387)	(451)	2,018
Income tax provision	(481)	(88)		(569)
Net income/(loss) attributed to controlling shareholder	4,375	(2,475)	(451)	1,449
Less: net income (loss) attributable to non-controlling interests	45			45
Net income (loss)	4,330	(2,475)	(451)	1,404

	PubCo Historical	ExcelFin Historical	Combined Pro Formas
Period ended June 30, 2024			
Weighted average shares outstanding – common stock	29,412	—	35,728
Weighted average shares outstanding – common stock not including earnout shares	20,588		25,555
Diluted net income per share – common stock	0.15		0.04
Basic net income per share – common stock	0.21	—	0.05
Weighted average shares outstanding – common stock subject to redemption	—	1,961	—
Basic and diluted net income per share – common stock subject to redemption	—	(0.32)	—
Weighted average shares outstanding – common stock	—	5,750	—
Basic and diluted net income per share – common stock	—	(0.32)	—

	PubCo Historical	ExcelFin Historical	Combined Pro Formas
Six-Month Period ended June 30, 2024 (in thousands, except per share data)			
Weighted average shares outstanding – common stock	29,412	—	35,728
Weighted average shares outstanding – common stock not including earnout shares	20,588		25,555
Diluted net income per share – common stock	0.15		0.04
Basic net income per share – common stock	0.21	—	0.05
Weighted average shares outstanding – common stock subject to redemption	—	1,961	—
Basic and diluted net income per share – common stock subject to redemption	—	(0.32)	—
Weighted average shares outstanding – common stock	—	5,750	—
Basic and diluted net income per share – common stock	—	(0.32)	—

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1 — Description of the Transaction

ExcelFin has entered into the Business Combination Agreement with PubCo and certain other entities. The purchase price is \$300,000,000, subject to certain adjustments, which will be paid in ExcelFin stock at a value of \$10.20 per share (29,411,764 PubCo Ordinary Shares). However, 8,823,529 of the PubCo Ordinary Shares issued to Baird Medical (the “Baird Medical Earnout Shares”) will not vest unless and until within the eighth anniversary of the closing of the Business Combination (a) the volume weighted average price of the PubCo Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share for any 20 trading days within a 30-day trading period or (b) a change of control of PubCo occurs with an implied value at or above \$12.50 per share.

Pursuant to the Business Combination Agreement (a) on August 3, 2023, Baird Medical contributed all of the issued shares of Tycoon held by Baird Medical to PubCo and Baird Medical received in exchange therefor 29,411,764 PubCo Ordinary Shares; (b) prior to Closing, Baird Medical will transfer 1,947,058 PubCo Ordinary Shares (which shares shall not include the Baird Medical Earnout Shares) to Newco and the Minority Holders will exchange their ownership interests in Baird Medical for all of the outstanding ownership interests in Newco; and (c) after the special meeting, Merger Sub 1 will merge with and into ExcelFin, with ExcelFin continuing as the surviving entity and wholly-owned subsidiary of PubCo (the “First Merger”) and Merger Sub 2 will merge with and into Newco, with Newco continuing as the surviving entity and wholly-owned subsidiary of PubCo (the “Second Merger”).

On September 30, 2024, the Company entered into (i) a Subscription Agreement with Grand Fortune Capital (H.K.) Company Limited (“GFC”), pursuant to which the Company issued to GFC at the Closing 290,000 Series A convertible preferred shares, par value \$0.0001 per share, of the Company (the “Preferred Shares”), for a purchase price of \$2.9 million (the “GFC Subscription Amount”) and (ii) a Subscription Agreement with Wu Wenyuan, pursuant to which, Wu Wenyuan must pay a purchase price of \$2 million (the “Wu Subscription Amount”) within six months of Closing, in exchange for which the Company will issue to Wu Wenyuan 200,000 Preferred Shares. The GFC Subscription Amount was paid concurrently with the Closing, and the Wu Subscription Amount will be paid within six months after the Closing. At any time on or before the two-year anniversary of the issuance of the Preferred Shares, GFC and Wu Wenyuan may convert all or a portion of their respective Preferred Shares into a number of ordinary shares of the Company per Preferred Share at a conversion ratio equal to the sum of the original issue price of such Preferred Share and all accrued but unpaid dividends thereon, divided by a conversion price of \$10.00. The Company may, at any time and at its sole option, choose to repurchase for cash all or a portion of the Preferred Shares, at a price per Preferred Share equal to the sum of 110% of the subscription price of such Preferred Share and all accrued but unpaid dividends thereon.

At the effective time of the Business Combination: (i) each ExcelFin Unit that is issued and outstanding shall be automatically divided, and the holder thereof shall be deemed to hold one share of ExcelFin Class A Common Stock and one-half of one ExcelFin Public Warrant; (ii) each outstanding public shares of ExcelFin Class A Common Stock will be exchanged for one PubCo Ordinary Share; and (iii) the registered holder of each ExcelFin Public Warrant will receive, in exchange for the ExcelFin Public Warrants, an equal number of warrants to purchase one PubCo Ordinary Share upon the same terms as applicable to the ExcelFin Public Warrants. Each share of ExcelFin Class A Common Stock held by the Sponsor or its assignees will be cancelled in exchange for one PubCo Ordinary Share upon the Closing. However, 1,350,000 of the PubCo Ordinary Shares issued to the Sponsor in the Business Combination will not vest unless and until, within the fifth anniversary of the closing of the Business Combination, (a) the volume weighted average price of the PubCo Ordinary Shares on Nasdaq is greater than or equal to \$12.50 per share over any 20 trading days within any 30-day trading period or (b) a change of control of PubCo occurs.

In the Second Merger, 1,947,058 PubCo Ordinary Shares transferred by Baird Medical to Newco will be cancelled, and an equal number of PubCo Ordinary Shares will be issued to the Minority Holders.

The per-share valuation of \$10.20 utilized in the Business Combination Agreement was set solely for the purposes of determining how many shares to issue in the Business Combination and does not reflect the actual price that the shares may be valued at following the Business Combination.

Note 2 — Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of SEC Regulation S-X as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses.” The historical financial information of ExcelFin and PubCo include transaction accounting adjustments to illustrate the estimated effect of the Business Combination and certain other adjustments to provide relevant information necessary for an understanding of PubCo upon consummation of the Business Combination described herein.

The unaudited pro forma condensed combined financial information includes the effect of the ExcelFin July 25, 2024 and October 1, 2024 redemptions of ExcelFin Common Stock, through the completion date of the business combination.

The unaudited pro forma condensed combined financial information does not reflect the income tax effects of the transaction accounting adjustments as any change in the deferred tax balance is assumed to be offset by an increase in the valuation allowance.

Note 3 — Transaction Accounting Adjustments to the ExcelFin and Target Group Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2024

The transaction accounting adjustments included in the unaudited pro forma condensed combined balance sheet as of June 30, 2024, are as follows, after giving effect to the subsequent July 25, 2024 and October 1, 2024 redemptions of ExcelFin Common Stock, through the completion date of the business combination:

- A. Reflects the reclassification of \$3.3 million of cash and cash equivalents held in the Trust Account at the close of the Business Combination that becomes available to fund expenses in connection with the Business Combination or future cash needs of the Company.
- B. Reflects the \$4.9 million Series A Preferred Investment ("PIPE Investment") in which \$2.9 million was received at closing. Series A convertible preferred investors shall receive shares at \$10 which can be converted into ordinary shares on or before two-year maturity. The Series A Preferred shareholders shall receive a 7% cash dividend paid annually.
- C. Reflects the reclassification of approximately \$2.9 million of Class A shares subject to possible redemption to permanent equity.
- D. Note converted to stock at \$10.20/share
- E. Reflects closing out accumulated deficit
- F. Represents the issuance of 29.4 million shares of the Company's Class A common stock to Tycoon equity holders as consideration for the reverse recapitalization.
- G. Reflects the fair value of the Sponsor earnout.
- H. Reflects the payment of outstanding fees payable for certain legal counsel, accounting services and other service providers at Closing
- I. Sponsor founder shares transferred to non-redeeming shareholders (1,250,000 shares @\$11.05 (closing price on June 30, 2024))
- J. Sponsor surrender of warrants in connection with the business combination (11,700,000 Warrants at @\$0.03 (closing price on June 30, 2024))
- K. Reflects the fair value of the Target earnout.
- L. Reflects payment of Baird Medical's debt
- M. Due to ongoing negotiations, the deferred underwriting fees remain outstanding at closing

Note 4 — Transaction Accounting Adjustments to the ExcelFin and Target Group Unaudited Pro Forma Condensed Combined Statement of Operations for the Six-Month Period Ended June 30, 2024

The transaction accounting adjustments included in the unaudited pro forma condensed combined statement of operations for the six-month period ended June 30, 2024 are as follows:

- (AA) Reflects the elimination of interest income in the Trust Account

Note 5 — Earnings Per Share

Net income (loss) per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination assuming the shares were outstanding since January 1, 2024. As the Business Combination is being reflected as if it had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire period presented.

The unaudited pro forma condensed combined financial information has been prepared for the pro forma combined company for the period ended June 30, 2024, after giving effect to the subsequent July 25, 2024 and October 1, 2024 redemptions of ExcelFin Common Stock, through the completion date of the business combination.

Six-Month Period ended June 30, 2024 (in thousands, except per share data)	PubCo Historical	ExcelFin Historical	Combined Pro Formas
Weighted average shares outstanding – common stock	29,412	—	35,728
Weighted average shares outstanding – common stock not including earnout shares	20,588		25,555
Diluted net income per share – common stock	0.15		0.04
Basic net income per share – common stock	0.21	—	0.05
Weighted average shares outstanding – common stock subject to redemption	—	1,961	—
Basic and diluted net income per share – common stock subject to redemption	—	(0.32)	—
Weighted average shares outstanding – common stock	—	5,750	—
Basic and diluted net income per share – common stock	—	(0.32)	—

Presented below are the components of outstanding shares as of June 30, 2024, after giving effect to the subsequent July 25, 2024 and October 1, 2024 redemptions of ExcelFin Common Stock, through the completion date of the business combination. (Amounts not in thousands)

	Combined Pro Forma	
Public stockholders	288,454	0.8%
Sponsor	4,400,000	12.3%
PubCo	20,588,235	57.6%
Sponsor Loan	278,407	0.8%
Total Basic	25,555,096	
Sponsor Earnout	1,350,000	3.8%
Baird Earnout	8,823,529	24.7%
Total Diluted	35,728,625	

Presented below are the potentially dilutive share equivalents as of June 30, 2024, after giving effect to the subsequent July 25, 2024 and October 1, 2024 redemptions of ExcelFin Common Stock, through the completion date of the business combination.

Public warrants	11,499,990
Total	11,499,990



INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in this Registration Statement of Baird Medical Investment Holdings Limited on Form 20-F (File No. 001-42300) of our report dated June 20, 2024, with respect to our audits of the consolidated financial statements of Baird Medical Investment Holdings Limited as of December 31, 2023 and 2022 and for each of the two years in the period ended December 31, 2023. We also consent to the reference to our Firm under the heading "Statement by Experts", which is part of Form 20-F.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP
New York, NY
October 9, 2024

NEW YORK OFFICE • 7 Penn Plaza • Suite 830 • New York, New York • 10001
Phone 646.442.4845 • Fax 646.349.5200 • www.marcumasia.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in this Shell Company Report of Baird Medical Investment Holdings Limited on Form 20-F of our report dated March 13, 2024 with respect to our audits of the financial statements of ExcelFin Acquisition Corp. which includes an explanatory paragraph as to the company's ability to continue as a going concern, as of December 31, 2023 and 2022 and for each of the two years in the period ended December 31, 2023, which report appears in the Form F-4 Registration Statement (File No. 333-274114). We were dismissed as auditors on October 1, 2024 and, accordingly, we have not performed any audit or review procedures with respect to any financial statements appearing in such Prospectus for the periods after the date of our dismissal. We also consent to the reference to our Firm under the heading "Statement by Experts" in the Shell Company Report on Form 20-F.

/s/ Marcum LLP

Hartford, CT
October 9, 2024

October 9, 2024

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Baird Medical Investment Holdings Limited under Item 16F of Baird Medical Investment Holdings Limited's Form 20-F dated October 1, 2024. We agree with the statements concerning our Firm in such Form 20-F; we are not in a position to agree or disagree with other statements of Baird Medical Investment Holdings Limited contained therein.

Very truly yours,

/s/ Marcum LLP

Marcum LLP
